

L&T Press Release

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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 June 30, 2017

Consolidated Results
Revenue up by 10%
PAT increases by 46%

Mumbai, July 28, 2017:

Larsen & Toubro recorded Consolidated Gross Revenue of ₹ 23,990 crore for the quarter ended June 30, 2017, registering an increase of 10% on a y-o-y basis. The International revenue during the quarter at ₹ 8,233 crore constituted 34% of the total revenue.

The Company won new orders worth ₹ 26,352 crore at consolidated level during the quarter ended June 30, 2017 in a challenging business environment. International orders at ₹ 7,885 crore constituted 30% of the total order inflow. Major orders during the quarter were secured by Infrastructure Segment.

Consolidated Order Book of the group stood at ₹ 262,860 crore as on June 30, 2017, marginally higher by 2% 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, 2017 at ₹ 893 crore was higher by 46% vis-à-vis PAT of ₹ 610 crore for the corresponding quarter of the previous year.

Infrastructure Segment

Infrastructure Segment achieved customer revenue of ₹ 10,539 crore for the quarter ended June 30, 2017 registering an increase of 16% driven by better project execution in Transportation Infrastructure, Smart World Communication and Water & Effluent Treatment businesses. International revenue constituted 32% of the total customer revenue of the segment during the quarter.

Infrastructure segment secured orders of ₹ 14,961 crore during the quarter ended June 30, 2017 even as a broad increase in public spending on Infra projects has not materialised. International orders contributed to around 30% of the total order inflow of the segment during the quarter.

The Order Book of the Segment grew 4% on a y-o-y basis and stood at ₹ 197,823 crore as on June 30, 2017.

The segment recorded EBIDTA margin at 8.1% during the quarter ended June 30, 2017 vis-à-vis 9.2% recorded in the corresponding quarter of the previous year. The margin during the quarter was impacted due to delayed approvals leading to extended stay and phase & mix of jobs under execution.

Power Segment

Power Segment recorded customer revenue of ₹ 1,763 crore during the quarter ended June 30, 2017, registering a marginal growth of 2% over the corresponding quarter of the previous year. International revenue constituted 12% of the total customer revenue of the segment during the quarter.

Fresh orders of ₹ 452 crore were recorded by the Power segment during the quarter ended June 30, 2017. Order Inflow is muted as Power segment continued to face multiple challenges & stiff competition.

The Order Book of the Segment stood at ₹ 12,309 crore as on June 30, 2017.

The segment EBIDTA margin for the quarter ended June 30, 2017 was at 1.3% vis-à-vis 5.8% recorded in the corresponding quarter of the previous year reflecting the competitive pressures.

Heavy Engineering Segment

Heavy Engineering Segment achieved customer revenue of ₹ 625 crore registering a decline of 5% over the corresponding quarter of the previous year. International Revenue constituted 24% of the total customer revenue of the segment.

Heavy Engineering Segment secured orders valued ₹ 587 crore during the quarter ended June 30, 2017, recording a sharp decline of 53% on y-o-y basis on account of deferral in award of targeted orders. International orders constituted 37% of the total order inflow of the segment during the quarter.

The Order Book of the Segment stood at ₹ 11,961 crore as on June 30, 2017.

The EBIDTA margin of the segment improved to 15.9% for the quarter ended June 30, 2017 vis-à-vis 14.9% recorded in the corresponding quarter of the previous year.

Electrical & Automation (E&A) Segment

E&A Segment recorded customer revenue of ₹ 1,206 crore during the quarter ended June 30, 2017, registering a y-o-y increase of 21%. International Revenue constituted 30% of the total customer revenue of the segment for the quarter ended June 30, 2017.

The EBIDTA margin of the E&A Segment stood at 10.3% for the quarter ended June 30, 2017, recording increase over 7.8% y-o-y on the back of improved realisation.

The Order Book of the Segment registered a y-o-y decline of 19% and stood at ₹ 2,744 crore as on June 30, 2017.

Hydrocarbon Segment

Hydrocarbon Segment recorded customer revenue of ₹ 2,546 crore registering a growth of 19% vis-a-vis ₹ 2,135 crore over the corresponding quarter of the previous year as jobs under execution gained momentum. International revenue constituted 57% of the total customer revenue of the segment for the quarter ended June 30, 2017.

Hydrocarbon Segment secured fresh orders valued ₹ 811 crore during the quarter ended June 30, 2017, registering a y-o-y decline of 90%. In the previous year, the Order Inflow comprised a large international order secured during the quarter ending June 30, 2016.

The Order Book of the Segment registered a y-o-y growth of 7% and stood at ₹ 23,026 crore as on June 30, 2017.

The EBIDTA margin of the segment was at 6.8% for the quarter ended June 30, 2017 vis-à-vis 2.0% recorded in the corresponding quarter of the previous year with the progress of the jobs under execution and favourable close out of an international job.

IT & Technology Services (IT&TS) Segment

IT & Technology Services Segment achieved customer revenue of ₹ 2,536 crore during the quarter ended June 30, 2017, registering a y-o-y growth of 8%. International Revenue constituted 91% of the total customer revenue of the segment for the quarter ended June 30, 2017.

The EBIDTA margin of the IT&TS Segment at 21.5% for the quarter ended June 30, 2017 was in line with previous year.

Financial Services Segment

Financial Services Segment recorded customer revenue of ₹ 2,294 crore during the quarter ended June 30, 2017, registering a y-o-y growth of 10%, driven by growth in loan assets and disbursements in the focused business verticals of Rural, Housing and Wholesale lending. Assets managed by Investment and Wealth Management businesses registered a sharp rise on healthy inflows.

The operating margin of the Financial Services Segment for the quarter ended June 30, 2017 at 16.2% increased over 12.7% earned during the corresponding quarter of the previous year.

Developmental Projects Segment

Developmental Projects Segment registered customer revenue of ₹ 827 crore during the quarter ended June 30, 2017, vis-à-vis ₹ 1,154 crore recorded in the corresponding quarter of the previous year.

The EBIDTA margin of the Developmental Projects Segment for the quarter ended June 30, 2017 stood at negative 4.1% vis-à-vis positive 9.7% earned during the

corresponding quarter of the previous year due to provisioning against certain disputed receivables.

“Others” Segment

“Others” segment comprises Metallurgical & Material Handling, Realty, Shipbuilding, Construction & Mining Equipment and Industrial Machinery & Product businesses.

Customer Revenue during the quarter ended June 30, 2017 at ₹ 1,653 crore registered a marginal decrease of 1% over the corresponding quarter of the previous year. International Revenue constituted 20% of the total customer revenue of the segment.

The segment margin stood at 2.2% during the quarter ended June 30, 2017 due to under recoveries of the ship yard and weak performance of Industrial Machinery and Products.

Outlook

Q1 FY18 witnessed lower economic growth in the country in the aftermath of demonetisation. Bank credit to industry remained muted and investment momentum was largely driven by public sector spends. Transition to GST, implementation of RERA and the Insolvency and Bankruptcy Code demonstrate the Government’s will to carry out structural reforms to boost growth and bring in financial prudence and propriety. Prospects of a good monsoon, rural wage growth, pay hike for state government employees, lower lending rates and a modest pick-up in external demand are expected to catalyse GDP growth.

Global markets continue to witness a low growth trajectory and lower investment outlay is a natural consequence of fiscal pressures faced by regulatory authorities in different countries. Sustained lower oil prices presages a period of lower infrastructure spending in the Middle East and this has reduced the business prospects in that region.

The Company’s focus continues to be on selective order intake, working capital reduction, cost optimization through strengthening execution & operational efficiencies and productivity enhancement through digitalization and other initiatives. The Company is optimistic of its growth aspirations in the medium term as the economic outlook improves.

Background

Larsen & Toubro is an Indian multinational engaged in technology, engineering, construction, manufacturing and financial services with USD 17 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.



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017

₹ Crore

	Particulars	Quarter ended			Year Ended
		June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017 (Audited)
1	Income:				
a)	Revenue from operations	23989.79	36827.99	21873.80	110011.00
b)	Other income	384.85	399.47	305.79	1401.01
	Total Income	24374.64	37227.46	22179.59	111412.01
2	Expenses:				
a)	Manufacturing, construction and operating expenses:				
i)	Cost of raw materials and components consumed	3341.80	3383.20	3514.04	14320.98
ii)	Stores, spares and tools consumed	572.14	548.51	566.31	2090.42
iii)	Excise duty	178.93	209.25	147.27	699.19
iv)	Sub-contracting charges	4962.58	8346.43	3952.45	22556.13
v)	Construction materials consumed	3806.60	7485.91	3176.57	20732.39
vi)	Purchase of stock-in-trade	360.51	584.99	310.57	1610.57
vii)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(314.48)	1097.92	(179.78)	84.00
viii)	Other manufacturing, construction and operating expenses	2413.16	3597.59	2170.59	10583.48
b)	Finance cost of financial services business and finance lease activity	1394.09	1340.33	1334.31	5362.09
c)	Employee benefits expense	3530.59	3500.44	3420.01	13853.07
d)	Sales, administration and other expenses	1687.14	2398.32	1572.47	7043.99
e)	Finance costs	365.05	296.63	324.83	1339.84
f)	Depreciation, amortisation, impairment and obsolescence	551.27	722.70	464.78	2369.93
	Total Expenses	22849.38	33512.22	20774.42	102646.08
3	Profit before exceptional items (1-2)	1525.26	3715.24	1405.17	8765.93
4	Exceptional items	-	(281.00)	-	121.43
5	Profit before tax (3+4)	1525.26	3434.24	1405.17	8887.36
6	Tax expense:				
a)	Current tax	499.47	1005.97	605.29	2976.31
b)	Deferred tax	(42.50)	(526.79)	(56.49)	(827.76)
c)	Additional tax on dividend distributed by subsidiaries	2.75	(141.96)	-	(141.96)
	Total tax expense	459.72	337.22	548.80	2006.59
7	Net Profit after tax (5-6)	1065.54	3097.02	856.37	6880.77
8	Share in profit/(loss) of joint ventures/associates (net)	(37.24)	83.39	(173.56)	(395.27)
9	Net Profit after tax and share in profit/(loss) of joint ventures/associates (7+8) (PAT)	1028.30	3180.41	682.81	6485.50
	Attributable to:				
a)	Owners of the Company	892.54	3024.61	609.60	6041.23
b)	Non-controlling interests	135.76	155.80	73.21	444.27
10	Other comprehensive income (OCI)	156.13	380.04	(119.56)	177.78
11	Total comprehensive income (9+10)	1184.43	3560.45	563.25	6663.28
	Attributable to:				
a)	Owners of the Company	1044.17	3368.94	493.97	6187.61
b)	Non-controlling interests	140.26	191.51	69.28	475.67
12	Paid-up equity share capital (face value of share: ₹ 2 each)	186.68	186.59	186.40	186.59
13	Other Equity attributable to owners of the Company				50029.93
14	Earnings per share (EPS) of ₹ 2 each (Not annualised):				
(a)	Basic EPS (₹)	6.38	21.61	4.36	43.20
(b)	Diluted EPS (₹)	6.36	21.39	4.35	43.05

See accompanying notes to the financial results

Notes :

- (i) The Company reports consolidated financial results on quarterly basis, pursuant to the option made available as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. The standalone financial results are available on the Company's website viz. www.larsentoubro.com and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com). The specified items of the standalone financial results of the Company for the quarter ended June 30, 2017 are given below:

₹ crore

Particulars	Quarter ended			Year ended
	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017 (Audited)
Revenue from operations	14086.14	23499.65	12150.02	66301.35
Profit before tax	771.54	1739.76	786.29	6757.84
Net profit after tax	558.14	1254.08	546.74	5453.74

- (ii) On July 15, 2017, the Company allotted bonus equity shares of ₹ 2 each, fully paid-up, in the ratio of 1:2 (one bonus equity share of ₹ 2 each for every two equity shares of ₹ 2 each held) to all registered shareholders as on the record date. The earnings per share ["EPS"] data for all the periods disclosed above have been adjusted for the issue of bonus shares as per Ind AS 33 on Earnings Per Share.
- (iii) During the quarter ended June 30, 2017, the Company has allotted 4,50,654 equity shares of ₹ 2 each (equivalent to 6,75,981 equity shares of ₹ 2 each post-bonus) fully paid-up, on exercise of stock options by employees, in accordance with the Company's stock option schemes.
- (iv) The figures for the quarter ended March 31, 2017 are the balancing figures between audited figures in respect of the full financial year and the limited reviewed year-to-date published figures for the nine month period ended December 31, 2016.
- (v) Figures for the previous periods have been re-grouped/re-classified to conform to the figures of the current periods.
- (vi) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 28, 2017. The same have also been subjected to Limited Review by the Statutory Auditors.

for LARSEN & TOUBRO LIMITED

Unaudited Consolidated Segment-wise Revenue, Result, Total Assets and Total Liabilities in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended:

₹ Crore

Particulars	Quarter ended			Year ended
	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017 (Audited)
Gross segment revenue				
1 Infrastructure	10728.35	20300.96	9287.54	53920.81
2 Power	1764.34	1838.55	1722.66	6938.79
3 Heavy Engineering	731.28	1034.65	733.76	3446.94
4 Electrical & Automation	1268.41	1678.63	1081.22	5367.27
5 Hydrocarbon	2549.23	2579.72	2145.69	9628.34
6 IT & Technology Services	2566.26	2548.62	2374.92	9887.54
7 Financial Services	2294.45	2206.52	2090.73	8545.29
8 Developmental Projects	1259.86	1006.48	1383.13	4367.28
9 Others	1753.82	4417.34	1818.10	10862.43
Total	24916.00	37611.47	22637.75	112964.69
Less: Inter-segment revenue	926.21	783.48	763.95	2953.69
Net segment revenue	23989.79	36827.99	21873.80	110011.00
Segment result [Profit/(Loss) before interest and tax]				
1 Infrastructure	701.03	2519.12	679.14	4722.54
2 Power	12.61	58.90	89.14	201.18
3 Heavy Engineering	70.13	225.35	67.05	498.57
4 Electrical & Automation	78.19	240.43	36.08	549.89
5 Hydrocarbon	141.67	208.01	9.35	508.42
6 IT & Technology Services	491.97	455.36	454.97	1825.53
7 Financial Services	358.07	(52.80)	241.89	786.44
8 Developmental Projects	(49.19)	(62.65)	97.95	32.01
9 Others	(51.32)	404.95	(72.00)	414.69
Total	1753.16	3996.67	1603.57	9539.27
Less: Inter-segment margins on capital jobs	(3.44)	18.22	8.22	28.14
Less: Interest expenses	365.05	296.63	324.83	1339.84
Add: Unallocable corporate income net of expenditure	133.71	(247.58)	134.65	716.07
Profit before tax	1525.26	3434.24	1405.17	8887.36
Segment assets				
1 Infrastructure	51464.69		46562.63	50020.69
2 Power	8001.88		7880.22	6847.03
3 Heavy Engineering	5127.01		5294.47	5112.41
4 Electrical & Automation	4440.94		4422.38	4364.25
5 Hydrocarbon	7576.92		6132.90	6728.63
6 IT & Technology Services	6626.04		4547.00	6085.75
7 Financial Services	73465.61		65510.78	71841.82
8 Developmental Projects	28993.47		25548.03	28240.72
9 Others	18308.86		19033.06	18459.26
Total segment assets	204005.42		184931.47	197700.56
Less: Inter-segment assets	1868.91		1815.56	1490.25
Add: Unallocable corporate assets	17351.47		13425.48	15849.36
Total assets	219487.98		196541.39	212059.67
Segment liabilities				
1 Infrastructure	33209.00		28956.26	33912.75
2 Power	7169.01		7201.89	6362.49
3 Heavy Engineering	4451.84		3692.10	3815.67
4 Electrical & Automation	1922.60		1728.85	1935.65
5 Hydrocarbon	6201.29		4756.29	5589.70
6 IT & Technology Services	1927.05		1689.79	1813.49
7 Financial Services	65269.09		58101.72	64341.27
8 Developmental Projects	10305.10		8755.57	8931.32
9 Others	6768.07		6491.57	6844.74
Total segment liabilities	137223.05		121374.04	133547.08
Less: Inter-segment liabilities	1868.91		1815.56	1490.25
Add: Unallocable corporate liabilities	28715.18		29310.49	26222.72
Total liabilities	164069.32		148868.97	158279.55

Notes:

- (I) The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108) read with SEBI's circular dated July 5, 2016. The identification of operating segments is consistent with performance assessment and resource allocation by the management.
- (II) Segment composition: **Infrastructure segment** comprises engineering and construction of building and factories, transportation infrastructure, heavy civil infrastructure, power transmission & distribution, water & effluent treatment and smart world & communication projects. **Power segment** comprises turnkey solutions for Coal-based and Gas-based thermal power plants including power generation equipment with associated systems and/or balance-of-plant packages. **Heavy Engineering segment** comprises manufacture and supply of custom designed, engineered critical equipment & systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and Defence. **Electrical & Automation segment** comprises manufacture and sale of low and medium voltage switchgear components, custom built low and medium voltage switchboards, electronic energy meters/protection (relays) systems and control & automation products. **Hydrocarbon segment** comprises complete EPC solutions for the global Oil & Gas Industry from front-end design through detailed engineering, modular fabrication, procurement, project management, construction, installation and commissioning. **IT & Technology Services segment** comprises information technology and integrated engineering services. **Financial Services segment** comprises retail and corporate finance, housing finance, infrastructure finance, general insurance (upto the date of sale), asset management of mutual fund schemes and related advisory services. **Developmental Projects segment** comprises development, operation and maintenance of basic infrastructure projects, toll and fare collection, power development, development and operation of port facilities and providing related advisory services. **Others segment** includes metallurgical & material handling systems, realty, shipbuilding, manufacture and sale of industrial valves, welding and cutting equipment, manufacture, marketing and servicing of construction equipment and parts thereof, marketing and servicing of mining machinery and parts thereof, manufacture and sale of rubber processing machinery, mining and aviation.
- (III) Segment revenue comprises sales and operational income allocable specifically to a segment including profit on sale of stake in the subsidiary and/or joint venture companies under developmental projects segment and realty business grouped under "Others" segment. Unallocable income primarily includes interest income, dividends and profit on sale of investments. Unallocable expenditure mainly includes corporate expenses not allocated to segments. Corporate assets mainly comprise investments. Corporate liabilities mainly comprise borrowings.
- (IV) In respect of majority of the segments for the Company, sales and margins do not accrue uniformly during the year. Hence, the operational/financial performance of aforesaid segments can be discerned only on the basis of figures for the full year.

for LARSEN & TOUBRO LIMITED

Mumbai
July 28, 2017

A.M.NAIK
Group Executive Chairman