

L&T Press Release

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Group Performance for the quarter ended December 31, 2017

Consolidated Revenue up by 10%
Consolidated PAT increases by 53%

Mumbai, January 31, 2018: Larsen & Toubro recorded Consolidated Gross Revenue of ` 28747 crore for the quarter ended December 31, 2017, registering an increase of 9.4% on a y-o-y basis, with some improvement in execution momentum and growth in services business. Adjusted for excise duty subsumed in GST, the revenue growth was 10%. International revenues during the quarter at ` 10110 crore constituted 35% of the total revenue, vis-à-vis 37% in the previous year. For the nine months April-December 2017, the Consolidated Gross Revenue at ` 79184 crore recorded a y-o-y increase of 8.7% adjusted for Excise Duty.

The Company won fresh orders worth ` 48130 crore at the group level during the quarter ended December 31, 2017, registering a growth of 38%, with strong ordering activity witnessed during the quarter. International orders at ` 8835 crore constituted 18% of the total order inflow, vis-à-vis 34% in the corresponding period of the previous year. On a cumulative basis, the order inflow for the nine months period ended December 31, 2017 stood at ` 103213 crore, registering a growth of 8%. Major orders were secured by Infrastructure and Hydrocarbon Segments.

Consolidated Order Book of the group stood at ` 270727 crore as on December 31, 2017, higher by 4.7% on a y-o-y basis. The International Order Book constituted 25% of the total Order Book.

Consolidated Profit After Tax (PAT) for the quarter ended December 31, 2017 at ` 1490 crore, was higher by 53% y-o-y. For the nine months period ended December 31, 2017, the overall PAT was ` 4202 crore, higher by 39% y-o-y, as compared to ` 3017 crore recorded for the corresponding period of the previous year.

Infrastructure Segment

Infrastructure Segment achieved customer revenue of ` 13801 crore for the quarter ended December 31, 2017, registering a y-o-y growth of 11%. Transportation

Infrastructure, Water & Effluent Treatment and Heavy Civil businesses contributed to the revenue growth during the quarter. International revenues constituted 32% of the total customer revenue of the segment.

During the quarter ended December 31, 2017, Infrastructure segment won fresh orders of ₹ 26797 crore, registering a growth of 25%, despite significant order deferrals. Order

The EBIDTA margin of the segment marginally dropped to 18.8% for the quarter ended December 31, 2017, compared to 20.3% for previous period, reflecting stage of execution of jobs in the Order Book portfolio.

Electrical & Automation (E&A) Segment

E&A Segment customer revenues at ₹ 1231 crore for the quarter ended December 31, 2017, dropped by 4% over previous year. On a like-to-like basis, revenues adjusted for Excise Duty grew by 3%. International Revenues constituted 28% of the total customer revenue of the segment for the quarter ended December 31, 2017.

Financial Services Segment

Financial Services Segment recorded customer revenue of ₹ 2634 crore during the quarter ended December 31, 2017, registering a y-o-y growth of 25%, driven by growth in loan book and disbursements in focused businesses. The Segment also witnessed a strong growth in its Investment and Wealth Management businesses.

Operating margin for the quarter increased to 14.6% vis-a-vis 12% during the corresponding quarter of the previous year on higher fee income and cost control measures.

Developmental Projects Segment

Developmental Projects Segment registered customer revenue of ₹ 1031 crore during the quarter ended December 31, 2017, vis-à-vis ₹ 905 crore in the corresponding quarter of the previous year. The Company's Metro Rail concession in Hyderabad was partially commissioned during the quarter.

The EBIDTA margin of the Developmental Projects Segment for the quarter ended December 31, 2017 turned positive 8.5% vis-à-vis negative 10.6% during the corresponding quarter of the previous year. The improvement is the outcome of revenue recognition resumption consequent to a favourable Supreme Court judgement in the case of Nabha Power.

"Others" Segment

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

Customer Revenue of the Segment during the quarter ended December 31, 2017 at ₹ 1902 crore registered a decline of 15% over the corresponding quarter of the previous year, mainly due to depleted order book in Valves and exclusion of revenues from two subsidiaries divested during the year. International Revenue constituted 16% of the total customer revenue of the segment.

The segment margin for the quarter marginally declined to 15.3% as compared to margin of 15.7% earned in the corresponding quarter of the previous year.

Outlook

The country has seen a slew of transformative reform measures in the last one year which are likely to yield medium to long term macro economic gains, though accompanied by shorter term disruptions. Measures like demonetisation, GST, RERA and the Insolvency and Bankruptcy Code are all aimed at enabling growth, facilitating a conducive business environment, widening the tax base and channelising investments in essential infrastructure needs of the country. All these measures along with faster

Most major economies are witnessing growth conditions amidst volatile geo-political developments. Rise in oil and commodity prices are encouraging review of market expansion strategies and investment opportunities. Challenges to growth in global trade continue with protectionist economic policies and geo-political dynamics. Tax reforms in USA, Middle East and elsewhere are resetting the global competitive landscape.

The Company seeks to pursue interesting opportunities for growth both in domestic and international markets. The Co

	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	Year Ended March 31, 2017 (Audited)
1 Income:						
a) Revenue from operations	28747.45	26446.76	26286.97	79184.00	73182.99	110011.00
b) Other income	212.91	399.65	274.28	978.28	992.80	1344.12
Total Income	28960.36	26846.41	26561.25	80162.28	74175.79	111355.12
2 Expenses:						
a)						
	4275.99	4191.20	3467.37	11808.99	10937.78	14320.98
	682.42	491.82	373.30	1746.39	1541.91	2090.42
	-	-	176.59	178.94	489.94	699.19
iv) Sub-contracting charges	5642.65	4548.95	5303.60	15154.18	14206.56	22556.13
v) Construction materials consumed	5818.81	4843.23	5972.51	14468.64	13246.47	20732.39
vi) Purchase of stock-in-trade	284.32	341.63	385.20	986.46	1025.58	1610.57
vii) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(720.71)	(359.15)	(859.00)	(1455.27)	(1013.91)	84.00
viii) Other manufacturing, construction and operating expenses	2393.50	2592.24	2466.75	7461.97	6994.03	10592.96
b) Finance cost of financial services business and finance lease activity	1528.60	1520.37	1332.41	4443.06	4021.76	5362.09
c) Employee benefits expense	3837.53	3794.88	3496.07	11162.99	10352.59	13853.07
d) Sales, administration and other expenses	1860.35	1519.52	1666.95	5045.75	4631.92	6977.62
e) Finance costs	362.48	392.89	378.81	1120.43	1043.21	1339.84
f) Depreciation, amortisation, impairment and obsolescence	454.49	430.59	722.29	1436.34	1647.23	2369.93
Total Expenses	26420.43	24308.17	24882.85	73558.87	69125.07	102589.19
3	2539.93	2538.24	1678.40	6603.41	5050.72	8765.93
4 Exceptional items	(13.75)	136.74	-	123.00	402.43	121.43
5 Profit before tax (3+4)	2526.18	2674.98	1678.40	6726.41	5453.15	8887.36
6 Tax expense:						
a) Current tax	795.71	638.96	707.29	1936.88	1970.34	2834.35
b) Deferred tax	(58.47)	(95.02)	(267.44)	(195.99)	(300.96)	(827.76)
Total tax expense	737.24	543.94	439.85	1740.89	1669.38	2006.59
7 Net Profit after tax (5-6)	1788.94	2131.04	1238.55	4985.52	3783.77	6880.77
8 Share in profit/(loss) of joint ventures/associates (net)	(171.06)	(110.74)	(148.41)	(319.04)	(478.66)	(395.27)
9	1617.88	2020.30	1090.14	4666.48	3305.11	6485.50
Attributable to:						
a) Owners of the Company	1489.98	1819.88	972.40	4202.39	3016.64	6041.23
b) Non-controlling interests	127.90	200.42	117.74	464.09	288.47	444.27
10	107.50	(45.21)	(165.98)	218.43	(202.28)	177.78
11	1725.38	1975.09	924.16	4884.91	3102.83	6663.28
Attributable to:						
a) Owners of the Company	1582.51	1781.02	811.87	4407.70	2818.69	6187.61
b) Non-controlling interests	142.87	194.07	112.29	477.21	284.14	475.67
12 Paid-up equity share capital (face value of share: 2 each)	280.21	280.11	186.54	280.21	186.54	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 ()	10.64	13.00	6.95	30.01	21.57	43.20
(b) Diluted EPS ()	10.57	12.96	6.93	29.93	21.50	43.05

Consolidated unaudited 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:

Particulars	Quarter ended			Nine Months ended		Year Ended
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017 (Audited)
Gross segment revenue						
1 Infrastructure	13965.97	11988.68	12735.40	36683.00	33619.85	53920.81
2 Power	1269.85	1667.29	1632.96	4701.48	5100.24	6938.79
3 Heavy Engineering	988.03	1211.11	870.33	2930.42	2412.29	3446.94
4 Electrical & Automation	1287.47	1309.33	1355.63	3865.21	3688.64	5367.27
5 Hydrocarbon	3089.93	2561.40	2402.28	8200.56	7048.62	9628.34
6 IT & Technology Services	2914.98	2723.84	2502.33	8205.08	7338.92	9887.54
7 Financial Services	2634.27	2412.95	2108.02	7341.67	6338.77	8545.29
8 Developmental Projects	1213.27	1415.71	905.05	3888.84	3360.80	4367.28
9 Others	2083.71	1845.19	2434.29	5682.72	6445.07	10862.43
Total	29447.48	27135.50	26946.29	81498.98	75353.20	112964.69
Less: Inter-segment revenue	700.03	688.74	659.32	2314.98	2170.21	2953.69
Net segment revenue	28747.45	26446.76	26286.97	79184.00	73182.99	110011.00
Segment result						
1 Infrastructure	918.16	728.85	879.33	2348.04	2203.42	4722.54
2 Power	20.30	79.06	11.90	111.97	142.28	201.18
3 Heavy Engineering	146.13	125.77	126.17	342.03	273.22	498.57
4 Electrical & Automation	175.36	149.74	150.30	403.29	309.46	549.89
5 Hydrocarbon	209.26	248.02	148.42	598.95	300.41	508.42
6 IT & Technology Services	558.40	530.37	464.70	1580.74	1370.17	1825.53
7 Financial Services	372.26	301.60	236.71	1031.93	839.24	786.44
8 Developmental Projects	67.28	377.61	(109.95)	395.70	94.66	32.01
9 Others	226.72	160.91	16.27	336.31	9.74	414.69
Total	2693.87	2701.93	1923.85	7148.96	5542.60	9539.27
Less: Inter-segment margins on capital jobs	(9.53)	(8.91)	0.13	(21.88)	9.92	28.14
Less: Interest expenses	362.48	392.89	378.81	1120.43	1043.21	1339.84
Add: Unallocable corporate income net of expenditure	185.26	357.03	133.49	676.00	963.68	716.07
Profit before tax	2526.18	2674.98	1678.40	6726.41	5453.15	8887.36
Segment assets						
1 Infrastructure				53858.60	48228.66	50020.69
2 Power				6981.55	7015.53	6847.03
3 Heavy Engineering				6334.42	5395.72	5112.41
4 Electrical & Automation				4303.16	4365.93	4364.25
5 Hydrocarbon				8361.25	5729.86	6728.63
6 IT & Technology Services				7327.82	5338.40	6166.03
7 Financial Services				81872.54	67395.66	71841.82
8 Developmental Projects				30311.65	26527.27	28240.72
9 Others				18895.74	18863.96	18457.83
Total segment assets				218246.73	188860.99	197779.41
Less: Inter-segment assets				3051.19	2961.83	1492.79
Add: Unallocable corporate assets				20368.15	18278.17	15851.99
Total assets				235563.69	204177.33	212138.61
Segment liabilities						
1 Infrastructure				35170.24	30647.23	33912.75
2 Power				6149.32	6604.41	6362.49
3 Heavy Engineering				5173.97	3762.27	3815.67
4 Electrical & Automation				1861.20	1830.29	1935.65
5 Hydrocarbon				6967.44	5705.03	5589.70
6 IT & Technology Services				2150.42	1809.92	1893.77
7 Financial Services				73340.30	59981.30	64341.27
8 Developmental Projects				11274.41	10070.57	8931.32
9 Others				6652.97	6600.85	6843.41
Total segment liabilities				148740.27	127011.87	133626.03
Less: Inter-segment liabilities				3051.19	2961.83	1492.79
Add: Unallocable corporate liabilities				33138.64	29863.60	26225.25
Total liabilities				178827.72	153913.64	158358.49

Notes:

- (I) The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108) read with SEBI 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 rural finance, housing finance, wholesale finance, mutual fund, wealth management and general insurance (upto the date of sale). **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 & cutting equipment (till the date of sale), 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 corporate income primarily includes interest income, dividends and profit on sale of investments. Unallocable expenditure mainly includes corporate expenses not allocated to segments. Unallocable 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
January 31, 2018

S.N. SUBRAHMANYAN
Chief Executive Officer & Managing Director