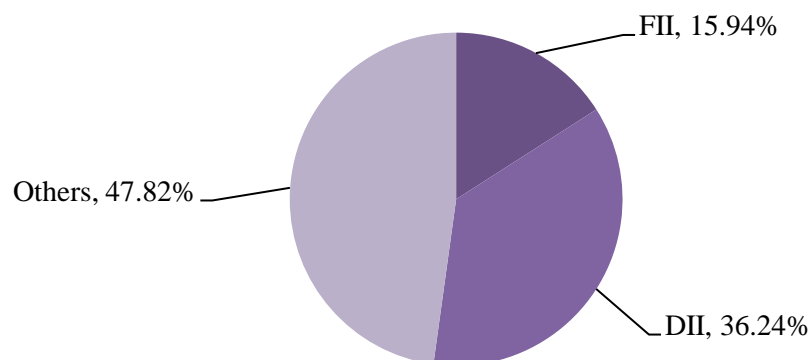




<b>BSE Code</b>	500510
<b>BSE Group / Index</b>	A / SENSEX
<b>CMP</b>	Rs. 1,294.40(24 Oct,2011)
<b>Market Capitalization</b>	Rs. 79,108 Cr
<b>Face Value</b>	Rs.2
<b>EPS (TTM)</b>	Rs.66.85
<b>52 Wk High (BSE)</b>	<b>Rs. 2,212.00(4 Nov,2010)</b>
<b>52 Wk Low (BSE)</b>	<b>Rs. 1,290.50 (24 Oct,2011)</b>

### Shareholding Pattern % as of Sep, 2011



### Public holding more than 1% of the Total No. of Shares (as of Sep, 2011)

Sl. No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
1	Life Insurance Corporation of India	117,042,953	19.15
2	L&T Employees Welfare Foundation	74,404,116	12.17
3	Administrator of the Specified Undertaking of the Unit Trust of India	50,572,216	8.27
4	General Insurance Corporation of India	12,602,119	2.06
5	New India Assurance Company Ltd	7,272,727	1.19
	<b>Total</b>	<b>261,894,131</b>	<b>42.85</b>



## Q2 FY12 – Result Highlights

Particulars (Rs.Cr)	Q2 FY12	Q2 FY11	YoY (%)	Q1 FY12	QoQ (%)	H1 FY12	H1 FY11	YoY (%)
<b>Net Sales</b>	<b>11245.24</b>	<b>9422.16</b>	<b>19.35%</b>	<b>9482.61</b>	<b>18.59%</b>	<b>20727.85</b>	<b>17253.34</b>	<b>20.14%</b>
<b>Expenditure</b>								
a) (Inc)/dec in stock-in-trade	-129.84	-97.58	33.06%	-293.68	-55.79%	-423.51	-392.34	7.94%
b) Consumption of raw materials	3090.61	2097.80	47.33%	2566.59	20.42%	5648.07	3850.23	46.69%
c) Sub-contracting charges	1750.36	1867.86	-6.29%	1845.49	-5.15%	3595.84	3554.21	1.17%
d) Construction material	2373.08	1932.87	22.77%	1919.44	23.63%	4301.66	3728.18	15.38%
e) Purchase of traded goods	443.53	521.91	-15.02%	488.45	-9.20%	931.98	966.38	-3.56%
f) Other manufacturing expenses	852.91	710.98	19.96%	781.92	9.08%	1634.86	1366.55	19.63%
g) Employee cost	1104.09	830.23	32.99%	766.00	44.14%	1870.07	1394.16	34.14%
h) Sales, admin & other expenses	586.45	556.43	5.40%	281.93	108.01%	872.31	770.26	13.25%
<b>Total</b>	<b>10071.19</b>	<b>8420.50</b>	<b>19.60%</b>	<b>8356.14</b>	<b>20.52%</b>	<b>18431.28</b>	<b>15237.63</b>	<b>20.96%</b>
<b>EBIDTA</b>	<b>1174.05</b>	<b>1001.66</b>	<b>17.21%</b>	<b>1126.47</b>	<b>4.22%</b>	<b>2296.57</b>	<b>2015.71</b>	<b>13.93%</b>
Depreciation	170.90	121.21	40.99%	167.85	1.82%	338.76	235.36	43.93%
Interest	197.01	186.99	5.36%	161.26	22.17%	364.30	326.18	11.69%
Other Income	363.17	380.05	-4.44%	296.18	22.62%	669.34	596.66	12.18%
<b>PBT</b>	<b>1169.31</b>	<b>1073.51</b>	<b>8.92%</b>	<b>1093.54</b>	<b>6.93%</b>	<b>2262.85</b>	<b>2050.83</b>	<b>10.34%</b>
Tax	370.92	379.37	-2.23%	347.39	6.77%	718.31	690.52	4.02%
<b>PAT</b>	<b>798.39</b>	<b>694.14</b>	<b>15.02%</b>	<b>746.15</b>	<b>7.00%</b>	<b>1544.54</b>	<b>1360.31</b>	<b>13.54%</b>
Equity share capital (FV-Rs.2)	122.23	120.99		122.00		122.23	120.99	
<b>EPS (Rs.)</b>	<b>13.06</b>	<b>11.47</b>		<b>12.23</b>		<b>25.27</b>	<b>22.49</b>	
<b>EBIDTA Margin (%)</b>	<b>10.44%</b>	<b>10.63%</b>	<b>-1.79%</b>	<b>11.88%</b>	<b>-12.11%</b>	<b>11.08%</b>	<b>11.68%</b>	<b>-5.16%</b>
<b>PAT Margin (%)</b>	<b>7.10%</b>	<b>7.37%</b>	<b>-3.63%</b>	<b>7.87%</b>	<b>-9.77%</b>	<b>7.45%</b>	<b>7.88%</b>	<b>-5.49%</b>



### Mixed Bag Performance in Q2 FY12

- L&T reported a healthy 19.35% YoY growth in net sales at Rs.11,245Cr in Q2FY12 on back of robust order backlog & a pick-up in core execution.
- EBIDTA margins fell by 19 bps YoY & 144 bps to 10.44% in Q2 FY12 owing to change in revenue mix and rise in employee costs. Employee cost has gone up 33% YoY on account of addition of nearly 6200 employees from last year same period and increased cost.
- Depreciation was substantially up by 41% YoY, mainly on account of increased capex.
- PAT stood at Rs798.39Cr in Q2 FY12, a 15% YoY growth while PAT margins declined 27 bps YoY & 77 bps QoQ in Q2FY12.
- **L&T retained its revenue growth guidance at 25% for FY12 on the back of a robust order backlog and stable execution but expects EBITDA margins to decline by 75-125 bps (vs 50-75 bps earlier) due to change in revenue mix and sharp increase in raw material prices**

### Segmental Performance

Particulars (Rs. Cr)	Q2 FY12	Q2 FY11	YoY (%)	Q1 FY12	QoQ (%)	H1 FY12	H1 FY11	YoY (%)
<b>Net Revenues</b>								
Engineering & Construction	9637.00	7976.00	20.82%	7977.00	20.81%	17614.00	14488.00	21.58%
Electrical & Electronics	737.00	614.00	20.03%	656.00	12.35%	1393.00	1291.00	7.90%
Machinery & Industrial products	649.00	672.00	-3.42%	651.00	-0.31%	1300.00	1193.00	8.97%
Others	222.00	161.00	37.89%	199.00	11.56%	421.00	281.00	49.82%
<b>EBIDTA Margin (%)</b>								
Engineering & Construction	11.90%	12.40%	-4.03%	11.90%	0.00%	11.90%	12.90%	-7.75%
Electrical & Electronics	10.70%	15.20%	-29.61%	10.80%	-0.93%	10.80%	13.60%	-20.59%
Machinery & Industrial products	17.70%	18.30%	-3.28%	20.10%	-11.94%	18.90%	20.40%	-7.35%
Others	23.80%	12.00%	98.33%	23.20%	2.59%	23.50%	19.40%	21.13%



### **Engineering & Construction (E&C)**

E&C segment posted yet another quarter of strong performance. Revenues grew by 20.80% YoY to Rs.9637Cr while EBITA margins declined 50 bps YoY to 11.90% due to cost inflation and change in revenue mix. Total order inflows were at Rs.28,969Cr while the order backlog stands at Rs.1,39,891Cr at the end of Q2FY12.

### **Electrical & Electronics (E&E)**

After 4 quarters of muted performance, E&E segment posted strong revenue growth at 20.03% YoY to Rs.737Cr. However, with sharp rise in raw material prices (largely copper and silver) & intensified competition, EBITA margins contracted 450 bps YoY to 10.70% in Q2FY12.

### **Machinery & Industrial Products (M&IP)**

M&IP division performance was impacted by slowdown in industrial demand in general and in mining in particular. After posting strong growth for the past 5 quarters, revenues declined by 3.28% YoY to Rs.649Cr. EBITA margins also dropped by 60 bps YoY to 17.70%.

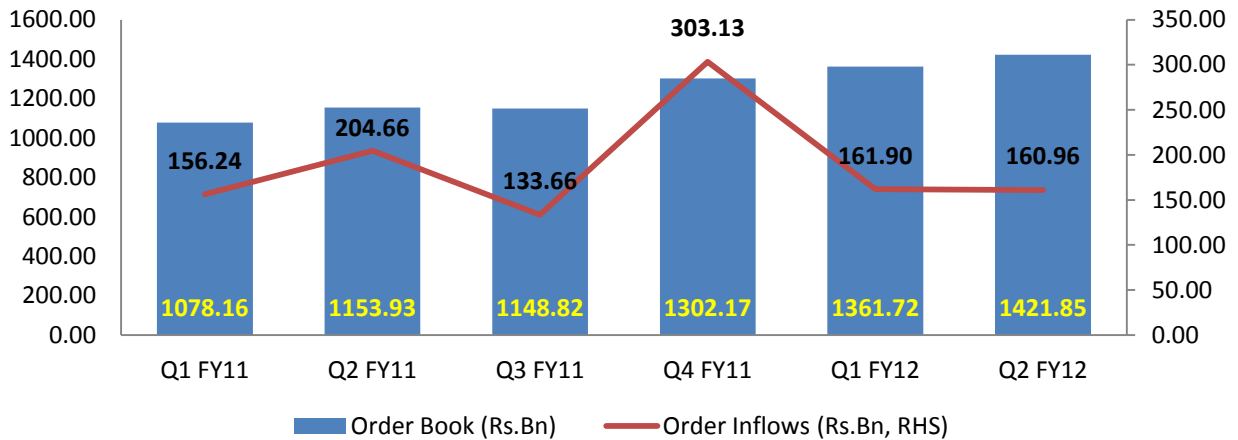
### **Others**

Others segment posted a strong revenue growth of 37.89% YoY to Rs.222Cr predominantly contributed by integrated engineering services in international markets. EBIDTA margins improved 1180 bps YoY to 23.80% on account of favorable exchange rates and delivery efficiencies.

**“LNT has a strong presence in the E&C space and any uptick in capex cycle will stand to benefit L&T first. The company is positive on Infra and Hydro carbon segments for future inflows. However pick up in the capex cycle and government spending on the infra sector remain key for the improved performance going ahead and transforming the fortunes of the company”**



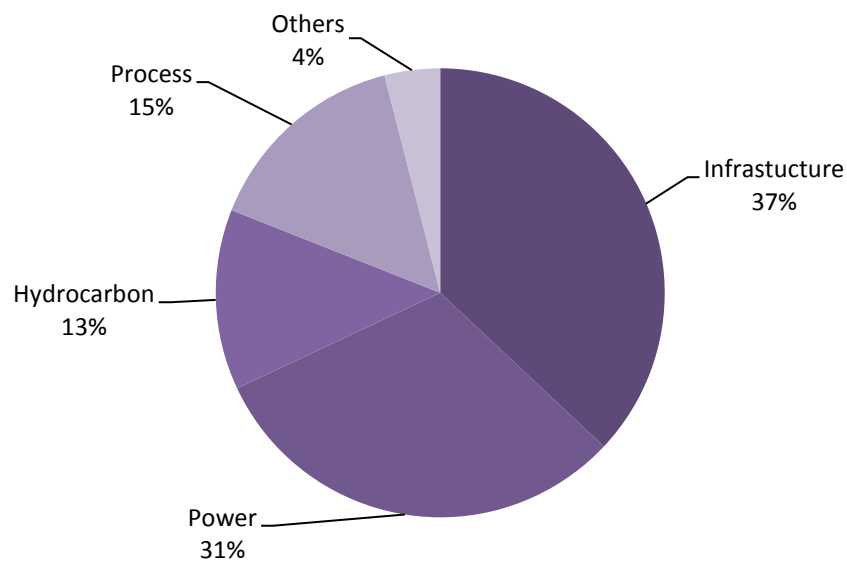
**Order Book Status**



Order inflows remained subdued on back of continued delays and deferrals in order finalizations. Order inflows declined by 21% YoY during Q2FY12 to Rs161 bn.

**L&T lowered the order inflow guidance to 5% YoY from 15%.The company has secured Rs.322bn orders in H1FY12 and still has to bag Rs.514bn in H2FY12 to meet the revised target, which we feel could be an uphill task**

**Order Book Composition (as of Q2FY12)**



**Disclaimer:****Analyst Holding: Yes****Recommended to Clients: Yes****Relationship with Management: No**

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