LARSEN & TOUBRO

L&T Press Release

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Performance for the quarter ended September 30, 2013

Order inflow up 27%
Revenue grows by 10%

Mumbai, 18 October 2013: Larsen & Toubro recorded Gross Revenue of ₹ 14648 crore for the quarter ended September 30, 2013, recording a y-o-y growth of 10% with pick-up in execution of various jobs. The Gross Revenue for six months period April-September 2013 at ₹ 27352 crore, grew by 8% on y-o-y basis.

The upward trend in the Order Inflow was sustained in the second consecutive quarter of the year. Order Inflow at ₹ 26533 crore during the quarter July-September 2013 recorded y-o-y growth of 27%, translating into a cumulative Order Inflow of ₹ 51692 crore for the six months period April-September 2013. International order inflow more than doubled contributing 43% of the total order inflow on the back of a few orders for large projects in the Middle East. The major orders came from Infrastructure and Hydrocarbon segments.

Order Book at ₹ 176036 crore as at September 30, 2013, increased 11% on a y-o-y basis. International Order Book constituted 15% of the total Order Book.

The recurring Profit after Tax (PAT) for the quarter July-September 2013 stood at ₹ 978 crore, recording an increase of 7% over the corresponding quarter of the previous year.

Infrastructure Segment

Infrastructure Segment achieved Customer Revenue of ₹ 7181 crore for the quarter ended September 30, 2013 registering a significant y-o-y growth of 36%, driven by Power Transmission & Distribution, Water & Renewable Energy, Building and Factories and Transportation Infrastructure businesses. International sales constituted 16% of the total segment revenue.

The Infrastructure segment continued its rally of order intake, recording a major growth of 39% with fresh orders of ₹ 19128 crore garnered during the quarter ended September 30, 2013. Heavy Civil Infrastructure, Water & Renewable Energy and Power Transmission & Distribution businesses contributed to the Order Inflow of the segment during the quarter. International orders constituted around 43% of the total order inflow of the segment.

The Order Book of the Segment is ₹ 121920 crore as at September 30, 2013.

The segment recorded improved EBIDTA margin at 13.3% during the quarter July-September 2013 vis-à-vis 12.4% recorded in the corresponding quarter of the previous year on the back of softer commodity prices and realization of pending customer claims.

Hydrocarbon Segment

Hydrocarbon Segment achieved Customer Revenue of ₹ 2231 crore for the quarter ended September 30, 2013 registering a y-o-y decline of 9% on account of lower opening order book and delayed order inflows. The Customer Revenue for the six months period ended September 30, 2013 at ₹ 5007 crore grew by 7% on a y-o-y basis. International sales constituted 61% of the total revenue as compared to 46% in the corresponding quarter of the previous year.

The businesses of the Hydrocarbon Segment secured fresh orders of ₹ 3279 crore, during the quarter ended September 30, 2013. International orders constituted 57% of the total order inflow of the segment.

The Order Book of the Segment is ₹ 11083 crore as at September 30, 2013.

During the quarter July-September 2013, the EBIDTA margin at 9.9% of the segment showed minor improvement vis-à-vis 9.5% recorded in the corresponding quarter of the previous year which is attributable to progress on domestic jobs.

Power Segment

Power Segment achieved Customer Revenue of ₹ 1181 crore for the quarter ended September 30, 2013 registering a y-o-y decline of 40% due to lower order inflow and jobs on hand nearing completion.

The slowdown in the power sector impacted the order inflows to the segment. As a result, the businesses of the Power Segment could secure fresh orders of only ₹ 328 crore, during the quarter ended September 30, 2013.

The Order Book of the Segment is ₹ 16035 crore as at September 30, 2013.

The EBIDTA margin of the segment stood at 13.4% for the quarter July-September 2013 vis-à-vis 10.0% recorded in the corresponding quarter of the previous year on the back of good progress on the jobs under execution.

Metallurgical & Material Handling (MMH) Segment

The Customer Revenue of MMH Segment during the quarter ended September 30, 2013 at ₹ 1079 crore recorded y-o-y decline of 19% on account of reduced opening order book.

Despite various sectoral bottlenecks witnessed by minerals and metals industry, MMH Segment secured fresh orders of ₹ 841 crore, during the quarter ended September 30, 2013.

The Order Book of the Segment is ₹ 15219 crore as at September 30, 2013.

The EBIDTA margin of the segment was lower at 15.9% for the quarter July-September 2013 vis-à-vis 16.6% recorded in the corresponding quarter of the previous year due to slow progress on certain jobs under execution.

Heavy Engineering Segment

Heavy Engineering Segment achieved Customer Revenue of ₹ 1051 crore for the quarter ended September 30, 2013 registering an impressive growth of 79% over the corresponding quarter of the previous year with good progress on jobs under execution.

The businesses of the Heavy Engineering Segment secured fresh orders of ₹ 946 crore, during the quarter ended September 30, 2013. International orders constituted 54% of the total order inflow of the segment.

The Order Book of the Segment is ₹ 7959 crore as at September 30, 2013.

During the quarter July-September 2013, the segment EBIDTA margin declined to 17.9% as compared to 22.2% earned during the quarter July-September 2012, on account of execution cost and job mix.

Electrical & Automation (E&A) Segment

E&A Segment recorded Customer Revenue of ₹ 906 crore for the quarter ended September 30, 2013, recording a growth of 10% despite sluggish market conditions. International sales contributed to 12% of the total segment revenue for the quarter.

The EBIDTA Margin of the E&A Segment at 11.5% for the quarter July-September 2013 recorded an improvement over the 11.1% earned during the quarter July-September 2012 on the back of lower input costs and operational efficiencies.

Machinery & Industrial Products (MIP) Segment

MIP Segment recorded Customer Revenue of ₹ 497 crore for the quarter ended September 30, 2013 registering a decline of 7% over the corresponding quarter of the previous year.

The Valves business and Industrial Cutting Tools business of the segment have been transferred to the subsidiary companies during Q2 2013-14. The sales for July - September 2013 are, therefore, not comparable with corresponding quarter of the previous year.

The Segment recorded EBIDTA Margin at 10.2% during the quarter ended September 30, 2013. The performance of the segment during the quarter was adversely impacted due to industrial slowdown and low off-take.

"Others" Segment

"Others" segment comprises Integrated Engineering Services (IES), Shipbuilding and Property Development business.

IES business clocked revenue of ₹ 408 crore during the quarter July-September 2013, registered a y-o-y growth of 33%. The EBIDTA margin of IES for the quarter stood at 18.9%.

Property Development business recorded revenue of ₹ 114 crore and improved EBIDTA during the quarter July-September 2013 with the progress on jobs under execution.

Negative contribution by the Shipbuilding business adversely impacted the overall performance of the segment.

Outlook

The macro-economic environment continues to remain weak and uncertain on account of the twin deficits, tight liquidity, persistent inflation and heightened volatility in the financial markets. Investment climate in the economy is yet to show sign of recovery. Deferral of new projects and delayed decision making / execution features the weak performance of the core sector this far.

The recent government measures such as improved allocation of resources to kick-start the stalled projects are, however, a welcome move to improve the investment sentiment.

The strategy of business development in select international markets has started yielding results as is evident from the increased share of international business. The Company continues to focus on emerging prospects in the Middle East and other select international markets as part of its twin strategy to hedge against domestic slow down and attain global competitiveness.

With its growing order book, increased international presence and improved competitiveness, the Company is hopeful of meeting its growth aspirations in the near and medium term.