

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, 2014

Consolidated Results

Order inflow up 11%
Revenue grows by 10%
PAT up by 111%

Mumbai, July 28, 2014: Larsen & Toubro is publishing consolidated financial results for the quarter ended June 30, 2014 pursuant to the option as per clause 41 of the Listing Agreement.

Larsen & Toubro recorded Consolidated Gross Revenue of ₹ 19123 crore for the quarter ended June 30, 2014, registering a y-o-y growth of 10%. The International revenue during the quarter at ₹ 4781 crore constituted 25% of the total revenue.

The Company successfully won fresh orders worth ₹ 33408 crore at consolidated level during the quarter ended June 30, 2014, registering a y-o-y growth of 11 %, on a large base. The International order inflow during the quarter at ₹ 14754 crore grew more than 2 times on a y-o-y basis, constituting 44% of the total order inflow. Major orders during the quarter were secured by the Infrastructure, Hydrocarbon and Heavy Engineering segments.

Consolidated Order Book of the group stood at ₹ 195392 crore as at June 30, 2014, higher by 13% on a y-o-y basis. International Order Book constituted 26% of the total Order Book.

The Consolidated recurring Profit after Tax (PAT) for the quarter stood at ₹ 771 crore vis-à-vis ₹ 459 crore in the corresponding quarter of the previous year registering a growth of 68%. The overall PAT for the quarter at ₹ 967 crore recorded an impressive growth of 111% on a y-o-y basis on the back of divestment gains.

Infrastructure Segment

Infrastructure Segment achieved Customer Revenue of ₹ 7148 crore for the quarter ended June 30, 2014 registering a healthy y-o-y growth of 17%, driven by Heavy Civil Infrastructure, Transportation Infrastructure and Water & Renewable Energy businesses. International sales constituted 19% of the total customer revenue of the segment during the quarter.

Order inflow of ₹ 14257 crore during the quarter ended June 30, 2014 took the order book of the Infrastructure Segment to ₹ 136450 crore as at June 30, 2014. The order inflow during the quarter mainly emanated from Power Transmission & Distribution and Building & Factories businesses. International orders contributed to around 36% of the total order inflow of the segment during the quarter.

The segment recorded improved EBIDTA margin at 10.3% during the quarter ended June 30, 2014 vis-à-vis 9.7% recorded in the corresponding quarter of the previous year.

Power Segment

Power Segment recorded customer revenue of ₹ 982 crore during the quarter ended June 30, 2014, registering a reduction of 32% over the corresponding quarter of the previous year due to depleting order book and lower revenue accretion on jobs nearing completion.

Power Segment secured fresh orders of ₹ 1588 crore for the quarter ended June 30, 2014, registering a growth of 94% over the corresponding quarter of the previous year on the back of international orders bagged by the segment.

The Order Book of the Segment declined 4% on a y-o-y basis and stood at ₹ 16711 crore as at June 30, 2014.

The segment EBIDTA margin stood at 20.3% for the quarter ended June 30, 2014 vis-à-vis 20.6% recorded in the corresponding quarter of the previous year.

Metallurgical & Material Handling (MMH) Segment

The Customer Revenue of MMH Segment during the quarter ended June 30, 2014 at ₹ 921 crore registered a y-o-y decrease of 13%, on account of reduced opening order book and delay in receipt of new orders.

MMH Segment secured fresh orders of ₹ 508 crore during the quarter ended June 30, 2014, registering a decline of 38% over the corresponding quarter of the previous year. The order inflow of the Segment was lower during the quarter on account of deferment of certain targeted orders and prevailing subdued business prospects in the sector.

The Order Book of the Segment declined by 40% on a y-o-y basis and stood at ₹ 9375 crore as at June 30, 2014.

The EBIDTA margin of the segment stood at 12.5% for the quarter ended June 30, 2014 vis-à-vis 15.7% recorded in the corresponding quarter of the previous year.

Heavy Engineering Segment

Heavy Engineering Segment achieved Customer Revenue of ₹ 835 crore registering an y-o-y decline of 4% over the corresponding quarter of the previous year mainly on account of delayed order inflow and depleted order book. International sales constituted 28% of the total customer revenue of the segment for the quarter ended June 30, 2014.

Heavy Engineering Segment secured fresh orders valued ₹ 2566 crore, during the quarter ended June 30, 2014, registering a growth of 56% as compared to the corresponding quarter of the previous year. International orders constituted 18% of the total order inflow of the segment.

The Order Book of the Segment grew 3% on a y-o-y basis and stood at ₹ 8579 crore as at June 30, 2014.

The EBIDTA margin of the segment improved to 12.7% for the quarter ended June 30, 2014 vis-à-vis 9.6% recorded in the corresponding quarter of the previous year driven by progress on jobs.

Electrical & Automation (E&A) Segment

E&A Segment recorded Customer Revenue of ₹ 1004 crore during the quarter ended June 30, 2014, registering a modest y-o-y growth of 9% on the backdrop of sluggish market conditions. International sales constituted 35% of the total customer revenue of the segment for the quarter ended June 30, 2014.

The EBIDTA Margin of the E&A Segment at 8.9% for the quarter ended June 30, 2014 recorded a decline over the 12.5% earned during the corresponding quarter of the previous year due to change in sales mix during the quarter.

Hydrocarbon Segment

Hydrocarbon Segment achieved Customer Revenue of ₹ 1555 crore registering an y-o-y decline of 49% over the corresponding quarter of the previous year mainly on account of lower opening order book and deferment of project awards. International sales constituted 51% of the total customer revenue of the segment for the quarter ended June 30, 2014.

Hydrocarbon Segment secured fresh orders valued ₹ 5704 crore, during the quarter ended June 30, 2014, registering a growth of 80% as compared to the corresponding quarter of the previous year driven by a large size international order. International orders constituted 94% of the total order inflow of the segment.

The Order Book of the Segment grew 32% on a y-o-y basis and stood at ₹ 14580 crore as at June 30, 2014.

The EBIDTA margin of the segment was negative for the quarter ended June 30, 2014 vis-à-vis positive margin of 5.7% recorded in the corresponding quarter of the previous year. The operating margin was adversely impacted due to time and cost overruns on international jobs arising out of stringent contractual conditions, changes in specifications by customers, sharp increase in local labour costs and certain unforeseen execution complexities. A number of measures have since been taken for strengthening international organization, risk management and contract management to achieve on-course execution of international jobs.

IT & Technology Services Segment

IT & Technology Services Segment recorded Customer Revenue of ₹ 1738 crore during the quarter ended June 30, 2014, registering a y-o-y growth of 22%. International sales constituted 95% of the total customer revenue of the segment for the quarter ended June 30, 2014.

The EBIDTA Margin of the IT&TS Segment at 20.2% for the quarter ended June 30, 2014 recorded a decline over the 25.8% earned during the corresponding quarter of the previous year due to relatively higher onsite revenue mix and increased staff cost on building of sales force.

Developmental Projects Segment

Developmental Projects Segment recorded Customer Revenue of ₹ 2161 crore during the quarter ended June 30, 2014, registering a substantial y-o-y growth. During the quarter, the Company has monetized a part of its developmental projects portfolio at a gain of ₹ 1350 crore leading to significant revenue growth.

The EBIDTA Margin of the Developmental Projects Segment for the quarter ended June 30, 2014 was consequently higher at 67.9% over 42.4% earned during the corresponding quarter of the previous year.

Financial Services Segment

Financial Services Segment recorded Customer Revenue of ₹ 1482 crore during the quarter ended June 30, 2014, registering a y-o-y growth of 24% driven by growth in loan book and disbursements.

The operating margin of the Financial Services Segment for the quarter ended June 30, 2014 stood at 15.5% over 15.3% 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 June 30, 2014 stood at ₹ 1297 crore registering a growth of 27% over the corresponding quarter of the previous year led by Realty and Shipbuilding businesses. International sales constituted 21% of the total customer revenue of the segment.

During the quarter ended June 30, 2014, the segment EBIDTA margin improved to 20.6% as compared to 0.6% during the corresponding quarter of the previous year consequent to improved performance of Realty and Shipbuilding businesses.

Outlook

Notwithstanding the improved sentiments, the domestic business environment and investment cycle continued to remain subdued during the quarter ended June 30, 2014. While the currency markets were stable and the capital markets were buoyant, high inflation, elevated interest rates and tight liquidity conditions persisted during the quarter.

The Company weathered domestic slowdown by strengthening its international presence in the select overseas markets amidst strong competitive pressures.

The domestic market holds large potential awaiting impetus through policy measures and conducive investment environment. The Company expects good prospects in the medium term from revival of core sectors such as infrastructure, power, minerals & metals, defence and oil & gas when the initiatives by the new government at the centre take definitive shape and rigour. The Company is confident of sustaining its growth momentum by utilizing the emerging opportunities for which it has positioned itself well.

Background:

Larsen & Toubro is a **USD 14.3 billion** technology, engineering, construction, manufacturing and financial services conglomerate, with global operations. Its products and systems are marketed in over 30 countries worldwide. L&T is one of the largest and most respected companies in India's private sector. 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 over seven decades.