LARSEN & TOUBRO

75 YEARS OF COMMITMENT

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.

LARSEN & TOUBRO LIMITED

Registered Office: L&T House, Ballard Estate, Mumbai 400 001

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2013

₹ Lakh

	Particulars	3 months ended			6 months ended		Year ended
		September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	March 31, 2013 (Audited)
1	Gross Sales / Revenue from operations	1464765	1270430	1332753	2735194	2540586	6147086
	Less: Excise duty	13814	14924	13230	28738	25528	59760
	Net Sales / Revenue from operations	**1450951**	**1255506**	**1319523**	**2706456**	**2515058**	**6087326**
2	**Expenses:**						
a)	i) Consumption of raw materials, components, and stores, spares & tools	271594	288007	319101	559603	691107	1318039
	ii) Sub-contracting charges	352589	355645	288566	708234	543557	1447206
	iii) Construction materials consumed	322757	286300	335007	609057	538610	1458112
	iv) Purchases of stock-in-trade	46954	47695	43712	94649	93879	206323
	v) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(40517)	(128901)	(88121)	(169417)	(139272)	(113203)
	vi) Other manufacturing, construction and operating expenses	119591	126170	98129	245761	203778	478763
b)	Employee benefits expense	157929	116876	129851	274805	224570	443632
c)	Sales, administration and other expenses	79884	56566	52915	136444	109995	207748
d)	Depreciation, amortisation and obsolescence	21636	21028	20396	42665	39591	81847
	Total expenses	**1332417**	**1169386**	**1199556**	**2501801**	**2305815**	**5528467**
3	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**118534**	**86120**	**119967**	**204655**	**209243**	**558859**
4	Other income	44942	47260	33114	92201	93927	185090
5	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	**163476**	**133380**	**153081**	**296856**	**303170**	**743949**
6	Finance costs	24276	24528	23502	48804	46343	98240
7	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**139200**	**108852**	**129579**	**248052**	**256827**	**645709**
8	Exceptional items	-	-	21429	-	17595	17595
9	**Profit from ordinary activities before tax (7+8)**	**139200**	**108852**	**151008**	**248052**	**274422**	**663304**
10	**Provision for taxes:**						
a)	Provision for current tax	40979	33559	42317	74538	79912	165821
b)	Provision for deferred tax	470	(310)	249	160	(297)	13579
	Total provision for taxes	**41449**	**33249**	**42566**	**74698**	**79615**	**179400**
11	**Net profit after tax from ordinary activities (9-10)**	**97751**	**75603**	**108442**	**173354**	**194807**	**483904**
12	Extraordinary items	-	-	5289	-	5289	7161
13	**Net profit after tax for the period (11+12)**	**97751**	**75603**	**113731**	**173354**	**200096**	**491065**
14	Paid-up equity share capital (face value of share: ₹ 2 each)		12325		18505	12276	12308
15	Reserves excluding revaluation reserve						2899945
	Earnings per share (Post-bonus) (Not annualised) [refer note (i)]:						
16	Basic EPS before extraordinary items (₹)	**10.57**	8.18	11.78	**18.75**	21.19	**52.55**
17	Diluted EPS before extraordinary items (₹)	**10.52**	8.13	11.69	**18.64**	21.02	**52.12**
18	Basic EPS after extraordinary items (₹)	**10.57**	8.18	12.36	**18.75**	21.76	**53.33**
19	Diluted EPS after extraordinary items (₹)	**10.52**	8.13	12.26	**18.64**	21.59	**52.89**
20	Debt service coverage ratio (DSCR) [no.of times]*				**1.29**	3.25	**2.27**
21	Interest service coverage ratio (ISCR) [no.of times]**				**6.08**	6.54	**7.57**
22	***Profit after tax from normal operations (i.e.excluding exceptional and extraordinary items)***	**97751**	**75603**	**91476**	**173354**	**180431**	**469528**

DSCR = [Profit before interest and exceptional & extraordinary items ÷ (Interest expense +principal repayments of long-term debt during the year)]

***** ISCR = [Profit before interest and exceptional & extraordinary items ÷ Interest expense]***

See accompanying notes to the financial results

SELECT INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Particulars	3 months ended			6 months ended		Year ended
		September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	March 31, 2013 (Audited)
A	**PARTICULARS OF SHAREHOLDING**						
1	Public shareholding :						
	- Number of shares ('000s)		596863		**897877***	594100	593337
	* *post bonus[refer note (i)]*						
	- Percentage of shareholding		96.86%		**97.04%**	96.79%	96.42%
2	Promoters and promoter group shareholding [refer note (v)]		Nil		**Nil**	Nil	Nil

B	INVESTOR COMPLAINTS	3 months ended September 30, 2013
	Pending at the beginning of the quarter	2
	Received during the quarter	24
	Disposed of during the quarter	26
	Remaining unresolved at the end of the quarter	Nil

Notes :

(i) On July 15, 2013, 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 the Accounting Standard (AS) 20 on Earnings Per Share.

(ii) The Company, during the quarter ended September 30, 2013, has allotted equity shares equivalent to 9,15,069 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.

(iii) Statement of assets and liabilities as per clause 41(v) (h) of the listing agreement:

₹ Lakh

Particulars	As at		
	September 30, 2013	September 30, 2012	March 31, 2013 (Audited)
EQUITY AND LIABILITIES			
Shareholders' funds:			
(a) Share capital	18505	12276	12308
(b) Reserves and surplus (including revaluation reserve)	3064166	2726948	2901964
Sub-total - Shareholders' funds	**3082671**	**2739224**	**2914272**
Non-current liabilities			
(a) Long-term borrowings	740286	574996	727103
(b) Deferred tax liabilities (net)	15712	14807	24222
(c) Other long term liabilities	40373	63287	50203
(d) Long-term provisions	25963	28673	28592
Sub-total - Non-current liabilities	**822334**	**681763**	**830120**
Current liabilities			
(a) Short-term borrowings	350482	380626	73453
(b) Current maturities of long term borrowings	120339	248342	82865
(c) Trade payables	1489713	1281630	1671072
(d) Other current liabilities	1544658	1513925	1439121
(e) Short-term provisions	86950	95114	208381
Sub-total - Current liabilities	**3592142**	**3519637**	**3474892**
TOTAL EQUITY AND LIABILITIES	**7497147**	**6940624**	**7219284**
ASSETS			
Non-current assets			
(a) Fixed Assets	897978	873904	890198
(b) Non-current investments	1065203	982024	1052270
(c) Long-term loans and advances	498161	402975	366906
(d) Other non-current assets	10732	14769	8232
Sub-total - Non-current assets	**2472074**	**2273672**	**2317606**
Current assets			
(a) Current Investments	426373	536204	558069
(b) Inventories	216936	203978	206418
(c) Trade receivables	2164443	1877431	2261301
(d) Cash and bank balances	127173	173730	145566
(e) Short-term loans and advances	740872	672683	551258
(f) Other current assets	1349276	1202926	1179066
Sub-total - Current assets	**5025073**	**4666952**	**4901678**
TOTAL ASSETS	**7497147**	**6940624**	**7219284**

(iv) The Board of Directors of the Company at its meeting held on May 22, 2013 has approved a Scheme of Arrangement between Larsen & Toubro Limited and L&T Hydrocarbon Engineering Limited ("LTHE"), a wholly owned subsidiary of the Company and their respective shareholders and creditors which inter alia envisages transfer of the Hydrocarbon business undertaking along with related assets and liabilities into LTHE and other consequential matters under the provisions of Sections 391 to 394 of the Companies Act, 1956. The Appointed Date of the Scheme would be April 01, 2013. The Scheme was approved by the Company's Shareholders at their Extra Ordinary General Meeting held on August 12, 2013. The application for sanction of the Scheme was accepted by the Hon'ble Bombay High Court on September 6, 2013. Pending sanction by the Hon'ble High Court, no effect of the scheme has been given in the books of account. Consequently, the financial results of the Company include the financial results of Hydrocarbon business undertaking. In line with the Accounting Standard 24, the financials of Hydrocarbon business undertaking, which has also been identified as a separate reportable segment in the current financial year, are given below for information :

₹ Lakh

	Particulars	Financials of Hydrocarbon business undertaking					
		3 months ended			6 months ended		Year ended March 31, 2013
		September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	
1	Net Sales / Revenue from operations (including other income and inter-unit revenue)	223158	275681	244813	498839	468015	954437
2	Profit from ordinary activities before tax	17500	13931	19013	31431	35450	77886
3	Net profit after tax from ordinary activities	11552	9196	12844	20748	23948	52616

(v) The promoters and promoter group shareholding is Nil and accordingly the information on shares pledged / encumbered is not applicable.

(vi) Figures for the previous periods have been re-grouped / re-classified to conform to the figures of the current periods.

(vii) The above results have been subjected to Limited Review by the Statutory Auditors, reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on October 18, 2013.

for LARSEN & TOUBRO LIMITED

A.M.NAIK
Group Executive Chairman

Mumbai
October 18, 2013

Segment-wise Revenue, Result and Capital Employed in terms of clause 41 of the listing agreement:

₹ Lakh

Particulars	3 months ended			6 months ended		Year ended
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	March 31, 2013 (Audited)
Gross segment revenue						
1 Infrastructure	719844	546081	550518	1265925	997913	2881904
2 Hydrocarbon	223160	277633	244963	500793	468749	955737
3 Power	118116	127494	197031	245610	425657	807386
4 Metallurgical and Material Handling	111511	108692	145022	220203	277389	643044
5 Heavy Engineering	106217	85087	64558	191304	118522	300263
6 Electrical & Automation	94999	79436	88033	174435	164063	364395
7 Machinery & Industrial Products [refer note (ii) below]	50696	53938	55079	104634	105746	239519
8 Others	52736	31911	34433	84647	71915	152586
Total	**1477279**	**1310272**	**1379637**	**2787551**	**2629954**	**6344834**
Less: Inter-segment revenue	12514	39842	46884	52357	89368	197748
Net segment revenue	**1464765**	**1270430**	**1332753**	**2735194**	**2540586**	**6147086**
Segment result (Profit before interest and tax)						
1 Infrastructure	85884	53788	56890	139672	98900	287030
2 Hydrocarbon	19786	16006	21072	35792	39334	87228
3 Power	14584	9852	18513	24436	34499	59012
4 Metallurgical and Material Handling	15913	13815	20603	29728	34521	96670
5 Heavy Engineering	16548	8988	10760	25536	23419	50707
6 Electrical & Automation	8283	7030	7302	15313	11338	35800
7 Machinery & Industrial Products [refer note (ii) below]	4336	6329	6947	10665	13775	40335
8 Others	(7316)	(1118)	5170	(8434)	12425	22280
Total	**158018**	**114690**	**147257**	**272708**	**268211**	**679062**
Less: Inter-segment margins on capital jobs	404	75	351	479	1463	2600
Less: Interest expenses	24276	24528	23502	48804	46343	98240
Add: Unallocable corporate income net of expenditure	5862	18765	27604	24627	54017	85082
Profit before tax	**139200**	**108852**	**151008**	**248052**	**274422**	**663304**
Capital employed (Segment assets *less* segment liabilities)						
1 Infrastructure				1020645	724391	819197
2 Hydrocarbon				223390	151590	109000
3 Power				9352	79276	67439
4 Metallurgical and Material Handling				275915	224761	260161
5 Heavy Engineering				208279	218785	206153
6 Electrical & Automation				142840	141859	128109
7 Machinery & Industrial Products [refer note (ii) below]				61931	54219	59601
8 Others				109565	121783	114139
Total capital employed in segments				**2051917**	**1716664**	**1763799**
Unallocable corporate assets *less* corporate liabilities				2257573	2241331	2058116
Total capital employed				**4309490**	**3957995**	**3821915**

Notes:

(i) Segments have been identified in accordance with Accounting Standard (AS) 17 on Segment Reporting, considering the risk / return profiles of the businesses, their organisational structure and the internal reporting systems. The operations of the Engineering and Construction which were hitherto reported as part of one single segment have now been reported into different segments based on internal restructuring and granular clarity of segment information.

(ii) The Company has transferred at book value to its wholly owned subsidiaries, the business of manufacturing and marketing of industrial valves effective July 1, 2013 and Cutting Tools business effective July 15, 2013. Both these businesses were hitherto reported as part of the Machinery and Industrial Products segment.

(iii) Segment composition: **Infrastructure** comprises engineering and construction of building and factories, transportation infrastructure, heavy civil infrastructure, power transmission & distribution and water & renewable energy projects. **Hydrocarbon** 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. **Power** 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. **Metallurgical & Material Handling** comprises turnkey solutions for ferrous (iron & steel making) and non-ferrous (aluminium, copper, lead & zinc) metal industries, bulk material & ash handling systems in power, port, steel and mining sector including manufacture and sale of industrial machinery and equipment. **Heavy Engineering** 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** 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. Electrical & Automation also included medical equipment business in the previous year. **Machinery & Industrial Products** comprises manufacture and sale of rubber processing machinery & castings, manufacture and marketing of industrial valves (upto the date of transfer), construction equipment and industrial products (upto the date of transfer). **Others** comprise integrated engineering services, shipbuilding and property development.

(iv) Segment revenue comprises sales & operational income allocable specifically to a segment. Unallocable expenditure mainly includes expenses incurred on common services provided to segments and other corporate expenses. Unallocable income primarily includes interest income, dividends and profit on sale of investments. Corporate assets mainly comprise investments.

(v) 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

A. M. NAIK
Group Executive Chairman

Mumbai
October 18, 2013