



L&T Press Release

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L&T House, Second Floor
Ballard Estate, Mumbai 400 001
Tel: 91 22 6752 5656 / 836
Fax: 91 22 6752 5796

Performance for the quarter ended March 31, 2010

Profit after Tax grows 44% Sales up by 28%

Mumbai, May 17, 2010: Larsen & Toubro has maintained its all round growth track record during the quarter. While order inflow grew 90%, sales saw a growth of 28% over the corresponding quarter of the previous year. The new orders during the quarter came from Hydrocarbon, Fertiliser, Defence, Buildings and Industrial sectors signifying the Company's position of pre-eminence in these sectors.

The Company's profit after tax for the quarter grew by 44%. The significantly improved performance during the quarter helped the Company post a y-o-y growth of 35% in order inflow, 11% in sales (excluding Sales from RMC business sold during the previous year) and 26% in profit after tax for the full year 2009-10.

| Standalone Results | Quarter ended March 31, 2010 | | Year ended March 31, 2010 | |
|------------------------|---------------------------------|-------------|------------------------------|---------|
| | Rs. crore | Growth % | Rs. crore | Growth |
| Order Inflow | 23843 | 90% | 69572 | 35% |
| Sales | 13490 | 28% | 36996 | 11% |
| Profit after Tax (PAT) | 1438 | 44% | 4376 | 26% |
| Operating Margin % | 15.3% | 110 bps | 13.1% | 140 bps |
| Order Book | | | 100239 | 43% |

Various cost optimization initiatives launched by the Company, aided by lower input costs, led to an improvement in the profitability of both project and product businesses. The Operating Margin of the Company for the year at 13.1%, improved by 140 basis points over the previous year.

The Company's Order Book as at March 31, 2010, crossed the Rs.100000 crore mark.

The Board of Directors has recommended a dividend of Rs. 12.50 per equity share.

Engineering & Construction (E&C) Segment

During the year, the Segment bagged sizeable orders from the Power, Hydrocarbon, Process and Buildings & Factories sectors on the strength of its comprehensive EPC capabilities. The segment reported Order Inflow for the year 2009-10 at Rs. 63899 crore posting an increase of 41% over the previous year. The yearly growth in Order Inflow for the Segment was bolstered by the surge in turnkey orders during the fourth quarter at Rs. 22057 crore reflecting an increase of 95% y-o-y.

With many new projects under execution, E&C segment Customer Sales for the quarter ended March 31, 2010 at Rs. 11820 crore grew by 30% when compared to the corresponding quarter of the previous year. The share of export sales represented 11.2%. The segment Customer Sales for the full year at Rs. 31650 crore grew by 13% over the previous year, despite several constraints faced during the earlier quarters of the year.

The segment Operating Margins for the year ended March 31, 2010 improved by 60 basis points to 13.6% due to cost efficient execution and adoption of all-round risk mitigation measures. The Segment continued the trend of improvement in operating margins seen in the recent years.

Electrical & Electronics Segment

The Segment reported Customer Sales of Rs. 909 crore for the quarter ended March 31, 2010, posting an increase of 28% y-o-y, reaping the benefit of revival in the industrial sectors towards the later part of the year. This helped the Segment register a growth of 7% in Sales for the year 2009-10 inspite of subdued demand for its products during the earlier part of the year. Electrical Standard Products and Metering & Protection Systems businesses reported higher sales and profitability during the year 2009-10. A healthy product mix and better capacity utilization led to an improvement in segment operating margin for the year by 220 basis points to 15.7%.

Machinery & Industrial Products Segment

The slowdown in the Industrial sector over a large part of the year coupled with continued global recession in the hydrocarbon sector, impacted the flow of orders for the Industrial Valves business. Therefore, for the full year, the Segment achieved Customer Sales of Rs. 2150 crore, reporting a decline of 11% as compared to the previous year. However, other businesses of the segment saw demand picking up in the quarter ended March 31, 2010 which enabled the Segment to report a growth of 8% in Customer Sales to Rs. 659 crore over the corresponding quarter of the previous year. Led by an improvement in the profitability of other businesses of the Segment, Operating Margin at 22.1% for the year ended March 31, 2010 grew by 190 basis points over the previous year.

Consolidated Group Financials

Group Profit after Tax for the year at Rs. 5451 crore grew by 44% as compared to the previous year. The Subsidiaries and Associate Companies together contributed Rs. 613 crore to the Group's profits, posting a rise of more than 100% over the similar amount for the previous year. Additionally, during the year, the Company's Infrastructure Subsidiary divested its stakes in Bangalore International Airport Limited and Second Vivekananda Bridge Toll-way Company Private Limited at a net gain of Rs. 388 crore and Rs. 74 crore, respectively.

The Consolidated Group Total Income stood at Rs. 43970 crore for the year vis-à-vis Rs. 40511 crore for the previous year.

Outlook

The large order book of the Company provides sufficient visibility to its growth momentum in the medium term. The Company is in readiness to harness the opportunities thrown by the Power, Infrastructure, Defence, Hydrocarbon, Building and Industrial sectors, both in the domestic and international markets. India is poised to grow at an accelerated pace in the next few years. However, non-food inflation has been raising its head in the recent past. The Company is cautiously optimistic for the future.



LARSEN & TOUBRO LIMITED

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2010

| Particulars | Standalone Financials | | | | Consolidated Financials | |
|--|-------------------------|----------------|---------------------|----------------|-------------------------|----------------|
| | 3 months ended March 31 | | Year ended March 31 | | Year ended March 31 | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | Rs. Lakh | | | | | |
| 1 Gross Sales / Revenues from Operations (excluding sales from Ready-mix Concrete business) | 1348952 | 1057656 | 3699593 | 3343912 | 4385424 | 4000195 |
| Gross Sales from Ready-mix Concrete business (sold during FY 2008-09) | - | - | - | 60592 | - | 60592 |
| Less: Excise Duty | 11463 | 10758 | 32078 | 39847 | 34066 | 42087 |
| Net Sales / Revenues from Operations | 1337489 | 1046898 | 3667515 | 3364657 | 4351358 | 4018700 |
| 2 Other Operational Income | 21021 | 13633 | 35965 | 29197 | 45622 | 32406 |
| 3 Total Income (1+2) | 1358510 | 1060531 | 3703480 | 3393854 | 4396980 | 4051106 |
| 4 Expenditure: | | | | | | |
| a) (Increase) / decrease in stock -in- trade and work -in -progress | 9583 | 6856 | 42299 | (10511) | 48773 | (12352) |
| b) i) Consumption of raw materials | 292174 | 230841 | 785430 | 788924 | 781764 | 824302 |
| ii) Sub-contracting charges | 272465 | 219182 | 866175 | 705327 | 914183 | 767077 |
| iii) Construction materials | 331627 | 234504 | 747808 | 750999 | 837414 | 833678 |
| iv) Purchase of traded goods | 53707 | 38431 | 157428 | 167869 | 153095 | 164452 |
| v) Other manufacturing / operating expenses | 81284 | 56832 | 246215 | 224554 | 490387 | 445850 |
| c) Employee cost | 61384 | 48868 | 237914 | 197446 | 306583 | 263649 |
| d) Sales, administration and other expenses | 51210 | 76626 | 138656 | 177028 | 220912 | 262004 |
| e) Depreciation, amortisation, obsolescence and impairment | 11622 | 8894 | 41460 | 30599 | 97932 | 72832 |
| Total Expenditure | 1165056 | 921034 | 3263385 | 3032235 | 3851043 | 3621492 |
| 5 Profit from Operations before Other Income, Interest & Exceptional Items (3-4) | 193454 | 139497 | 440095 | 361619 | 545937 | 429614 |
| 6 Other Income | 32984 | 23523 | 91025 | 73978 | 75963 | 57566 |
| 7 Profit before Interest & Exceptional Items (5+6) | 226438 | 163020 | 531120 | 435597 | 621900 | 487180 |
| 8 Interest expenses | 13556 | 4693 | 50531 | 41556 | 69192 | 52806 |
| 9 Profit after Interest but before Exceptional Items (7-8) | 212882 | 158327 | 480589 | 394041 | 552708 | 434374 |
| 10 Exceptional item (net gain) (Note No.1 & 2) | 2752 | - | 107478 | - | 181827 | 1659 |
| 11 Profit from Ordinary Activities before Tax (9+10) | 215634 | 158327 | 588067 | 394041 | 734535 | 436033 |
| 12 Provision for Taxes: | | | | | | |
| a) Provision for Current Tax (incl. Fringe Benefit Tax for previous periods) | 80456 | 45750 | 164425 | 122077 | 203977 | 138951 |
| b) Provision for Deferred Tax | (1315) | (1662) | (338) | 1044 | (237) | 3536 |
| c) Tax on Dividends received from Subsidiaries / Joint Ventures | - | - | - | - | 135 | 80 |
| Total Provision for Taxes | 79141 | 44088 | 164087 | 123121 | 203875 | 142567 |
| 13 Share of Profit / (Loss) from Associates | - | - | - | - | 10595 | 5090 |
| 14 Adjustments for Minority Interests in Subsidiaries | - | - | - | - | (9753) | 3144 |
| 15 Profit After Tax from Ordinary Activities (11-12+13+14) | 136493 | 114239 | 423980 | 270920 | 531502 | 301700 |
| 16 Extraordinary items [net of tax] (Note No.3) | 7317 | (14387) | 13572 | 77246 | 13572 | 77246 |
| 17 Profit After Tax (15+16) | 143810 | 99852 | 437552 | 348166 | 545074 | 378946 |
| 18 Paid-up equity share capital (Face value of share:Rs. 2 each) | | | 12044 | 11714 | 12044 | 11714 |
| 19 Reserves excluding revaluation reserve | | | 1814282 | 1231796 | 2081492 | 1383845 |
| 20 Basic EPS before Extraordinary Items (Rupees) | 22.69 | 19.51 | 71.49 | 46.30 | 89.61 | 51.56 |
| 21 Diluted EPS before Extraordinary Items (Rupees) | 22.25 | 19.50 | 70.15 | 45.68 | 87.92 | 50.87 |
| 22 Basic EPS after Extraordinary Items (Rupees) | 23.90 | 17.05 | 73.77 | 59.50 | 91.90 | 64.76 |
| 23 Diluted EPS after Extraordinary Items (Rupees) | 23.44 | 17.04 | 72.39 | 58.70 | 90.16 | 63.89 |
| 24 Debt Service Coverage Ratio (DSCR) (No.of times) # | | | 4.86 | 10.08 | | |
| 25 Interest Service Coverage Ratio (ISCR) (No.of times) ## | | | 10.51 | 10.48 | | |
| 26 Aggregate of Public Shareholding : | | | | | | |
| - Number of Shares ('000s) | | | 585993 | 568496 | 585993 | 568496 |
| - Percentage of Shareholding | | | 97.31% | 97.06% | 97.31% | 97.06% |
| 27 Promoters and promoter group shareholding (Note No. 8) | | | Nil | Nil | Nil | Nil |

DSCR = [Profit before Interest and exceptional & extraordinary items + (Interest Expense + Principal repayments of long-term debt during the period)]

ISCR = [Profit before Interest and exceptional & extraordinary items + Interest Expense]

Notes :

- Exceptional item in the standalone financials for the quarter ended March 31, 2010 includes gain of Rs.2722 lakh (net of tax - Rs.2289 lakh) arising on part buy-back of the company's equity holding, by one of the associate companies.
- Exceptional item in consolidated financials for the year ended March 31, 2010 includes (i) gain of Rs.101988 lakh on sale of investment in UltraTech Cement Limited (accounted in the standalone financials for the quarter ended June 30, 2009) and (ii) Rs.10913 lakh on sale of investment in Second Vivekananda Bridge Tollway Company Private Limited and Rs.62113 lakh on sale of investment in Bangalore International Airport Limited during the quarter ended December 31, 2009 and March 31, 2010 respectively.
- Extraordinary item in the standalone financials for the quarter ended March 31, 2010 represents a gain of Rs.7317 lakh (net of tax of Rs.2161 lakh) from sale of the Company's Petroleum Dispensing Pumps & Systems business.
- The Company during the quarter ended March 31, 2010 has allotted 19,22,595 equity shares of Rs. 2 each fully paid up on exercise of stock options by employees, in accordance with the Company's stock option schemes.
- The Board of Directors has recommended a dividend of Rs.12.50 per equity share of face value of Rs. 2 each.
- Figures for the previous periods have been re-grouped / re-classified to conform to the figures of the current periods.
- There were no pending investor complaints as on January 1, 2010. During the quarter ended March 31, 2010, 12 complaints were received and resolved.
- The promoter and promoter group shareholding being nil, the disclosure of information on shares pledged / encumbered is not applicable.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 17, 2010.

For Larsen & Toubro Limited

Mumbai
May 17, 2010A. M. NAIK
Chairman & Managing Director

Segment-wise Revenue, Result and Capital Employed in terms of Clause 41 of the listing agreement :
Rs. Lakh

| Particulars | Standalone Financials | | | | Consolidated Financials | |
|--|----------------------------|----------------|------------------------|----------------|-------------------------|----------------|
| | 3 months ended March 31 | | Year ended March 31 | | Year ended March 31 | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Gross Segment Revenue | | | | | | |
| 1 Engineering & Construction | 1210944 | 943750 | 3231577 | 2871226 | 3484802 | 3152253 |
| 2 Electrical & Electronics | 98829 | 79002 | 298654 | 278338 | 380169 | 339658 |
| 3 Machinery & Industrial Products | 68192 | 62060 | 221953 | 247460 | 256590 | 270536 |
| 4 Financial Services | | | | | 145628 | 112601 |
| 5 Developmental Projects | | | | | 73355 | 54831 |
| 6 Others | 10047 | 13256 | 36456 | 108670 | 225466 | 298932 |
| Total | 1388012 | 1098068 | 3788640 | 3505694 | 4566010 | 4228811 |
| Less: Inter-segment revenue | 18039 | 26779 | 53082 | 71993 | 134964 | 135618 |
| Net Segment Revenue | 1369973 | 1071289 | 3735558 | 3433701 | 4431046 | 4093193 |
| Segment Result (Profit before Interest and Tax) | | | | | | |
| 1 Engineering & Construction | 184656 | 141983 | 409501 | 347348 | 416976 | 346852 |
| 2 Electrical & Electronics | 13287 | 8893 | 39419 | 32301 | 49134 | 35928 |
| 3 Machinery & Industrial Products | 14312 | 10929 | 45190 | 47060 | 46470 | 45681 |
| 4 Financial Services | | | | | 40677 | 22803 |
| 5 Developmental Projects | | | | | 19508 | 10836 |
| 6 Others | 204 | (820) | 4434 | 5263 | 33217 | 35498 |
| Total | 212459 | 160985 | 498544 | 431972 | 605982 | 497598 |
| Less: Segment margins on internal capitalization | 2431 | 1808 | 5835 | 5639 | 15167 | 12620 |
| Less: Interest expenses | 13556 | 4693 | 50531 | 41556 | 69192 | 52806 |
| Add: Unallocable corporate income net of expenditure | 19162 | 3843 | 145889 | 9264 | 212912 | 3861 |
| Profit Before Tax (PBT) | 215634 | 158327 | 588067 | 394041 | 734535 | 436033 |
| Capital Employed | | | | | | |
| (Segment assets less Segment liabilities) | | | | | | |
| 1 Engineering & Construction | | | 629067 | 646221 | 1027481 | 789319 |
| 2 Electrical & Electronics | | | 113176 | 124658 | 176972 | 180156 |
| 3 Machinery & Industrial Products | | | 22400 | 41274 | 51861 | 70422 |
| 4 Financial Services | | | | | 207338 | 132803 |
| 5 Developmental Projects | | | | | 918309 | 694942 |
| 6 Others | | | 20348 | 18788 | 96077 | 121914 |
| Total capital employed in Segments | | | 784991 | 830941 | 2478038 | 1989556 |
| Unallocable corporate assets /less corporate liabilities | | | 1733995 | 1075478 | 1032703 | 745924 |
| Total Capital Employed | | | 2518986 | 1906419 | 3510741 | 2735480 |

Notes :

- Segments have been identified in accordance with Accounting Standard 17 on Segment Reporting, considering the risk / return profiles of the businesses, their organisational structure and the internal reporting systems.
- Segment composition for standalone and consolidated financials :**
Engineering & Construction comprises execution of engineering and construction projects to provide solutions in civil, mechanical, electrical and instrumentation engineering (on turnkey basis or otherwise) to core / infrastructure sectors including Railways, ship building and supply of complex plant and equipment to core sectors. **Electrical & Electronics** include manufacture and/or sale of low & medium voltage switchgear and control gear, custom-built switchboards, petroleum dispensing pumps and systems, electronic energy meters / protection (realys) systems, control and automation products and medical equipment. **Machinery & Industrial Products** comprise manufacture and sale of industrial machinery & equipment and industrial valves, marketing of construction equipment and welding / industrial products. **Machinery & Industrial Products in consolidated financials** also include manufacture and sale of undercarriage assemblies. **Financial Services** comprise corporate finance, equipment finance, infrastructure financing, general insurance, asset management of mutual fund schemes and related advisory services. **Developmental Projects** comprise development, operation and maintenance of basic infrastructure projects, toll collection, development of urban infrastructure, power development and providing related advisory services. **Others** include property development, integrated engineering services and ready mix concrete. **Others in consolidated financials** also include information technology services and mining.
- 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.

For Larsen & Toubro Limited

 Mumbai
 May 17, 2010

 A. M. NAIK
 Chairman & Managing Director