



L&T Press Release

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Performance for the year ended March 31, 2009

Sales grow by 35% Order Book crosses Rs. 70,000 crore

Mumbai, May 28, 2009: Diversified engineering & construction conglomerate, Larsen & Toubro Limited has reported Gross Sales revenues for the year at Rs. 34045 crore registering a y-on-y growth of 35%. International Sales at Rs. 6460 crore, flowing largely from the opening Order Book, accounted for 19% of the total revenues.

Despite the slowdown witnessed in the Indian Capital Goods and Infrastructure sectors during the later part of the year, the Company was able to bag fresh orders totaling to Rs. 51621 crore, reflecting a growth of 23% over the previous year.

L&T's superior execution and delivery capabilities enabled it to report a y-on-y growth of 23% in Gross Sales & Service revenue for the quarter at Rs. 10577 crore.

| Standalone Results | Quarter ended March 31, 2009 | | Year ended March 31, 2009 | |
|--|------------------------------|----------|---------------------------|----------|
| | Rs. crore | Growth % | Rs. crore | Growth % |
| Sales | 10577 | 23% | 34045 | 35% |
| PAT without extra-ordinary and exceptional items | 1142 | 28% | 2709 | 29% |
| E&C Segment Margin | | | 12.9% | 20 bps |
| Order Book | | | 70319 | 33% |

Driven by improved margins of Engineering and Construction

segment, the Company has also reported a healthy growth in profitability. Profit after Tax (PAT) excluding the extraordinary and exceptional items, at Rs. 2709 crore has risen by 29% over the previous year. After considering a net gain of Rs.772.46 crore towards the extraordinary items, PAT for the year ended March 31, 2009 at Rs. 3482 crore grew by 60%.

During the quarter ended March 31, 2008, the Company had recorded an exceptional gain of Rs. 73 crore (net of tax) on divestment of one of its Subsidiary. Excluding the above exceptional gain and extraordinary items for the quarter ended March 31, 2009, PAT at Rs. 1142 crore, increased by 28% over the like amount of the quarter of the previous year.

The Board of Directors has recommended a dividend of Rs. 10.50 per equity share.

Consolidated Group Financials

Aided by a satisfactory performance of its flagship Subsidiaries, the Group has also reported good financials for the year. The Group's Total Income at Rs. 40480 crore registered an increase of 37% over the previous year. Profit after Tax (PAT) for the year, before extraordinary and exceptional items, increased to Rs. 3007 crore posting a y-on-y growth of 30%. After considering extraordinary and exceptional items, PAT for the year at Rs. 3789 crore grew by 63% as compared to the previous year.

Engineering & Construction (E&C) Segment

New investment in the Infrastructure, Oil & Gas and other Core sectors of the economy was considerably halted in the aftermath of the global financial crisis and accompanying slowdown. The construction industry, however, managed to grow at a relatively higher rate riding on its comfortable order book. The Power sector and the Railways attracted renewed interest and good amount of investment during the year. Capitalizing on these opportunities, the E&C segment reported a healthy growth in its Order Inflows during the year 2008-09 at Rs. 45418 crore posting an increase of 28% over the previous year. The share of international orders booked during the year was 14.5% of the segment's Order Inflow.

E&C segment revenues for the year ended March 31, 2009 at Rs. 28705 crore registered an increase of 47% when compared to the previous year. The share of export revenues represented 18% of the year's segment revenues.

The segment Operating Margins at 12.9% marginally improved over 12.7% achieved in the previous year, due to efficient execution of orders, contractual pass-through of cost escalations and higher proportion of margin yielding jobs under execution.

The segment ended the year with a healthy Order Book at Rs. 68753 crore. The international Order Book at Rs. 10063 crore represented 15% of the segment's Order Book.

Electrical & Electronics Segment

Performance of the Electrical & Electronics segment was impacted adversely by the slowdown in the industrial sector. The segment revenues at Rs. 2778 crore for the year ended March 31, 2009 was higher by 4% when compared with the previous year. Electrical Standard Products, Metering & Protection Systems, Medical Equipment & Systems and Petrol Dispensing Pump & Systems businesses reported lower sales and profitability, due to lower capacity utilization, higher input costs and competition preventing a higher price realisation. The performance of Electrical Systems & Equipment and the Control & Automation businesses was, however, satisfactory.

Machinery & Industrial Products Segment

The slowdown in the Industrial and real estate sectors in the second half of the year, severely constrained the Segment's ability to bag fresh orders for construction machinery and industrial products. As the demand plummeted in the last two quarters due to liquidity crisis, the segment achieved gross revenues of Rs. 2475 crore during the year ended March 31, 2009, registering a marginal growth over the previous year. Industrial Valves, Construction Equipment, Industrial Machinery and Welding Systems businesses experienced lower volumes as compared to the previous year. However, the profitability levels were sustained at 20% due to favorable export realization in rupee terms and improved cost management by all the businesses in the segment.

Outlook

The Indian economy is currently going through a phase of cautious optimism, even as the global markets continue to bear the brunt of the financial turmoil and a stymied growth. The macro-economic fundamentals, rejuvenated by the new leadership at the Centre, have inspired confidence in the country's ability to accelerate its growth momentum. The slowdown recently seen in the Industrial sectors coupled with lower investment in the infrastructure and core sectors, may have some initial impact on the Company's ability to obtain fresh orders. However, the country's basic need to channelise large investments into its energy and infrastructure sectors is expected to receive a fillip as a part of the pro-reform policy of the new Government. The strategic initiatives taken by the Company to augment business prospects in some of the promising sectors such as Power, Railways, Defence and Nuclear will help in exploiting the full potential of the emerging opportunities.



LARSEN & TOUBRO LIMITED

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31 , 2009

| Particulars | Stand-alone Financials | | | | Consolidated Financials | |
|---|-------------------------|---------------|---------------------|----------------|-------------------------|----------------|
| | 3 months ended March 31 | | Year ended March 31 | | Year ended March 31 | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| 1 Gross Sales / Revenues from Operations | 1057656 | 857755 | 3404504 | 2518748 | 4060787 | 2956111 |
| Less: Excise Duty | 10758 | 11068 | 39847 | 33278 | 42087 | 36261 |
| Net Sales / Revenues from Operations | 1046898 | 846687 | 3364657 | 2485470 | 4018700 | 2919850 |
| 2 Other Operational Income | 13618 | 8872 | 27980 | 15473 | 29287 | 25835 |
| 3 Total Income (1+2) | 1060516 | 855559 | 3392637 | 2500943 | 4047987 | 2945685 |
| 4 Expenditure: | | | | | | |
| a) (Increase) / decrease in stock -in- trade and work -in -progress | 6856 | (24482) | (10511) | (74617) | (23434) | (78256) |
| b) i) Consumption of raw materials | 210269 | 208068 | 745202 | 647263 | 824318 | 707864 |
| ii) Sub-contracting charges | 236214 | 138842 | 722359 | 448543 | 766778 | 496164 |
| iii) Construction materials | 237803 | 215838 | 777253 | 561032 | 844623 | 596837 |
| iv) Purchase of traded goods | 38431 | 54487 | 167869 | 162610 | 164452 | 163020 |
| v) Other manufacturing / operating expenses | 55682 | 53938 | 221029 | 170569 | 444547 | 314661 |
| c) Employee cost | 37647 | 37823 | 199802 | 153545 | 266604 | 204943 |
| d) Sales, administration and other expenses | 78911 | 52489 | 183950 | 135062 | 264234 | 169820 |
| e) Depreciation, amortisation, obsolescence and impairment | 8894 | 6817 | 30599 | 21160 | 72832 | 50974 |
| Total Expenditure | 910707 | 743820 | 3037552 | 2225167 | 3624954 | 2626027 |
| 5 Profit from Operations before Other Income, Interest & Exceptional Items (3-4) | 149809 | 111739 | 355085 | 275776 | 423033 | 319658 |
| 6 Other Income | 23063 | 18162 | 73978 | 43314 | 57537 | 39084 |
| 7 Profit before Interest & Exceptional Items (5+6) | 172872 | 129901 | 429063 | 319090 | 480570 | 358742 |
| 8 Interest expenses | 14545 | 4986 | 35022 | 12266 | 46196 | 20311 |
| 9 Profit after Interest but before Exceptional Items (7-8) | 158327 | 124915 | 394041 | 306824 | 434374 | 338431 |
| 10 Exceptional item : gain on disposal/ dilution of stake in subsidiary companies (net) | - | 8723 | - | 8723 | 1659 | 3431 |
| 11 Profit from Ordinary Activities before Tax (9+10) | 158327 | 133638 | 394041 | 315547 | 436033 | 341862 |
| 12 Provision for Taxes: | | | | | | |
| a) Provision for Current Tax (including wealth tax) | 44651 | 30625 | 116703 | 89279 | 132835 | 103927 |
| b) Provision for Deferred Tax | (1662) | 2520 | 1044 | 1995 | 3536 | 3174 |
| c) Provision for Tax on Fringe Benefits | 1099 | 3817 | 5374 | 6931 | 6116 | 7611 |
| d) Tax on Dividends received from Subsidiaries / Joint Ventures | - | - | - | - | 80 | 1368 |
| Total Provision for Taxes | 44088 | 36962 | 123121 | 98205 | 142567 | 116080 |
| 13 Share of Profit / (Loss) from Associates | - | - | - | - | 5090 | 13583 |
| 14 Adjustments for Minority Interests in Subsidiaries | - | - | - | - | 3144 | (6829) |
| 15 Profit After Tax from Ordinary Activities (11-12+13+14) | 114239 | 96676 | 270920 | 217342 | 301700 | 232536 |
| 16 Extraordinary items - [net-of-tax] | (14387) | - | 77246 | - | 77246 | - |
| 17 Profit After Tax | 99852 | 96676 | 348166 | 217342 | 378946 | 232536 |
| 18 Paid-up equity share capital (Face value of share:Rs. 2 each) | 11714 | 5847 | 11714 | 5847 | 11714 | 5847 |
| 19 Reserves excluding revaluation reserve | | | 1231796 | 947071 | 1383845 | 1074674 |
| 20 Basic EPS before Extraordinary Items (Rupees) | 19.51 | 16.56 | 46.30 | 37.80 | 51.56 | 40.44 |
| 21 Diluted EPS before Extraordinary Items (Rupees) | 19.50 | 16.22 | 45.68 | 36.38 | 50.87 | 38.95 |
| 22 Basic EPS after Extraordinary Items (Rupees) | 17.05 | 16.56 | 59.50 | 37.80 | 64.76 | 40.44 |
| 23 Diluted EPS after Extraordinary Items (Rupees) | 17.04 | 16.22 | 58.70 | 36.38 | 63.89 | 38.95 |
| 24 Debt Service Coverage Ratio (DSCR)* | | | 11.69 | 18.21 | | |
| 25 Interest Service Coverage Ratio (ISCR)** | | | 12.25 | 26.01 | | |
| 26 Aggregate of Public Shareholding : | | | | | | |
| - Number of Shares ('000s) | 568496 | 280245 | 568496 | 280245 | 568496 | 280245 |
| - Percentage of Shareholding | 97.06% | 95.87% | 97.06% | 95.87% | 97.06% | 95.87% |
| 27 Promoters and promotor group shareholding (See Note No.9) | Nil | Nil | Nil | Nil | Nil | Nil |

* DSCR = [Profit before Interest and exceptional & extra-ordinary items ÷ (Interest Expense + Principal repayments of long-term debt during the year)]

** ISCR = [Profit before Interest and exceptional & extra-ordinary items ÷ Interest Expense]

Notes :

- During the quarter ended March 31, 2008, the Company had made an exceptional gain of Rs.8723 lakh from the sale of its investment in a Subsidiary Company which translated into an exceptional gain of Rs.7352 lakh net of tax in the stand-alone financials. Excluding this exceptional gain, profit after tax for the quarter and year ended March 31, 2008 stood at Rs.89324 lakh and Rs.209990 lakh respectively in the stand-alone financials.
- Extraordinary items for the quarter ended March 31, 2009 comprise the following :
 - Gain of Rs. 4241 lakh (net of tax of Rs.1939 lakh) on sale of the balance assets of the Company's Ready Mix Concrete business, in terms of the relevant covenant for sale. This business was disposed of by the Company during the quarter ended December 31, 2008 when the initial profit on sale, amounting to Rs. 91633 lakh (net of tax of Rs. 26268 lakh) was duly accounted.
 - Provision of Rs. 18628 lakh in respect of investment in Satyam Computer Services Limited (SCSL) held by the Company as well as by its wholly owned subsidiary, L&T Capital Company Limited (LTCCL). This provision has been made by the Company as a measure of abundant caution and in consonance with its commitment to acquire the investment from LTCCL at book value, as and when such transfer is permitted / takes place. Considering the extraordinary circumstances under which the price of SCSL shares fell in the market, the aforesaid provision has been created based on the principle of "prudence".
- The Company has consistently adopted Accounting Standard (AS) 11 for recognising the effects of changes in foreign exchange rates. Further, in 2007-08, the Company has implemented the principles of hedge accounting as per AS 30 in respect of those derivative transactions which are not covered by AS 11, pursuant to ICAI's announcement dated March 29, 2008. The Company has continued to follow the aforesaid accounting policies in FY 2008-09. The option provided under the Central Government Notification dated March 31, 2009, to defer recognition of certain categories of exchange differences to the Profit and Loss Account in future years, has not been exercised.
- On October 8, 2008, the Company allotted bonus equity shares of Rs. 2 each, fully paid up, in the ratio of 1:1, to all registered shareholders as on the record date. The earnings per share data for all the periods disclosed above have been adjusted for the issue of bonus shares as per the AS 20 on Earnings Per Share.
- The Company, during the quarter ended March 31, 2009, allotted 349982 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.10.50 per equity share of the face value of Rs. 2 per share.
- There were no pending investor complaints as on January 1, 2009. During the quarter ended March 31, 2009, 16 complaints were received and resolved.
- Figures for the previous periods have been re-grouped / re-classified to conform to the figures of the current periods.
- The promoter and promoter group shareholding is nil and accordingly the 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 on May 28, 2009.

For Larsen & Toubro Limited

Mumbai
May 28, 2009

A. M. NAIK
Chairman & Managing Director

| Segment-wise Revenue, Result and Capital Employed in terms of Clause 41 of the listing agreement : | | | | | | |
|--|----------------------------|---------------|--|----------------|-------------------------|----------------|
| Rs. Lakh | | | | | | |
| Particulars | Independent Financials | | | | Consolidated Financials | |
| | 3 months ended March 31 | | Year ended March 31 | | Year ended March 31 | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Gross Segment Revenue | | | | | | |
| 1 Engineering & Construction | 943735 | 682487 | 2870512 | 1948909 | 3151307 | 2108224 |
| 2 Electrical & Electronics | 79002 | 84335 | 277789 | 267590 | 338068 | 266748 |
| 3 Machinery & Industrial Products | 62060 | 80909 | 247506 | 241641 | 270516 | 268659 |
| 4 Financial Services | | | | | 112601 | 75822 |
| 5 Developmental Projects | | | | | 54538 | 30479 |
| 6 Others | 13256 | 40175 | 108670 | 130780 | 298662 | 318183 |
| Total | 1098053 | 887906 | 3504477 | 2588920 | 4225692 | 3068115 |
| Less: Inter-segment revenue | 26779 | 21279 | 71993 | 54699 | 135618 | 86169 |
| Net Segment Revenue | 1071274 | 866627 | 3432484 | 2534221 | 4090074 | 2981946 |
| Segment Result (Profit before Interest and Tax) | | | | | | |
| 1 Engineering & Construction | 146822 | 101365 | 344791 | 233281 | 344281 | 206419 |
| 2 Electrical & Electronics | 9802 | 11442 | 31668 | 39873 | 35295 | 39821 |
| 3 Machinery & Industrial Products | 11690 | 13856 | 46634 | 43101 | 45186 | 42273 |
| 4 Financial Services | | | | | 22807 | 24687 |
| 5 Developmental Projects | | | | | 10835 | 15891 |
| 6 Others | (639) | 5181 | 5184 | 9829 | 35407 | 38741 |
| Total | 167675 | 131844 | 428277 | 326084 | 493811 | 367832 |
| Less: Segment margins on internal capitalization | 1808 | 2121 | 5639 | 5503 | 12620 | 5320 |
| Less: Interest expenses | 14545 | 4986 | 35022 | 12266 | 46196 | 20311 |
| Add: Unallocable corporate income net of expenditure | 7005 | 8901 | 6425 | 7232 | 1038 | (339) |
| Profit Before Tax (PBT) | 158327 | 133638 | 394041 | 315547 | 436033 | 341862 |
| Capital Employed (Segment assets less Segment liabilities) | | | | | | |
| 1 Engineering & Construction | | | 661719 | 410717 | 804817 | 491033 |
| 2 Electrical & Electronics | | | 124658 | 101413 | 180156 | 100955 |
| 3 Machinery & Industrial Products | | | 41274 | 43851 | 70422 | 64382 |
| 4 Financial Services | | | - | - | 132803 | 105912 |
| 5 Developmental Projects | | | - | - | 694942 | 359652 |
| 6 Others | | | 18530 | 33610 | 121656 | 137783 |
| Total capital employed in Segments | | | 846181 | 589591 | 2004796 | 1259717 |
| Unallocable corporate assets /less corporate liabilities | | | 1060238 | 730449 | 730684 | 614043 |
| Total Capital Employed | | | 1906419 | 1320040 | 2735480 | 1873760 |
| Notes : | | | | | | |
| 1 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. | | | | | | |
| 2 Segment definitions : 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, switchboards, petroleum dispensing pumps and systems, energy metering / protection systems, control & automation and medical equipment. Machinery & Industrial Products comprise industrial machinery & equipment, marketing of industrial valves, construction equipment and welding / industrial products. Machinery & Industrial Products in consolidated financials also include manufacture of industrial valves and manufacture / sale of undercarriage assemblies. Financial Services comprise corporate finance, equipment finance, infrastructure financing and related advisory services. Developmental Projects comprise development, operation and maintenance of basic infrastructure projects, toll collection, development of urban infrastructure and providing related advisory services. Others include ready-mix concrete, property development, e-engineering services and embedded systems. Others in consolidated financials also include information technology services, power development and mining. | | | | | | |
| 3 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 28, 2009 | | | A. M. NAIK Chairman & Managing Director | | | |