LARSEN & TOUBRO

L&T Press Release

Issued by Corporate Communications Department

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.