

# L&T Press Release

Issued by Corporate Communications Department

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## Performance for the quarter ended December 31, 2008

**Sales grow by 35%**  
**216% increase in overall PAT**  
**PAT from normal operations grow by 25%**

**Mumbai, January 30, 2009:** Gross Sales of Larsen & Toubro Limited for the quarter ended December 31, 2008, at Rs. 8700 crore, has grown by 35% over the corresponding quarter of the previous year.

Despite an environment of tight liquidity, cautious investment in the Oil & Gas and the Core sectors, and a general slowdown in domestic infrastructure spending, the Company has been able to secure fresh orders totaling to Rs. 14620 crore during the quarter, exceeding the order inflow of Rs. 13019 crore achieved during the same quarter of the previous year when the economic climate was significantly better.

	Quarter ended December 31, 2008		Nine Month Period ended December 31, 2008	
	Rs. crore	Growth %	Rs. crore	Growth %
Order Inflow	14620	12%	39104	30%
Sales	8700	35%	23468	41%
PAT without Extra-ordinary gain	604	25%	1567	30%
Extra-ordinary gain	916		916	
Overall PAT	1520	216	2483	106

E&C Segment Margin (Y-T-D) sustained at 11.2%  
Order Book at Rs.68801 crore up by 39% over 31.12.2007

The Company is well on its way towards consolidating its overseas presence, as reflected in its share of Sales from international business at 18.5% for the quarter.

Profit before Interest and Tax from normal operations for the quarter ended December 31, 2008, at Rs. 1009 crore, has risen by 37%, when compared with the corresponding quarter of the previous year. The Company has reported Profit after Tax at Rs. 604 crore from normal operations during the quarter, recording an increase of 25% y-on-y, after absorbing a higher incidence of borrowing costs.

On a overall basis, Profit after Tax for the quarter ended December 31, 2008 at Rs. 1520 crore, which included an extraordinary gain of Rs. 916 crore (net of tax) from the sale of the Company's Ready Mix Concrete business, grew by 216% y-on-y.

For the nine month period ended December 31, 2008, the Company's Sales at Rs. 23468 crore grew by 41%, and Profit after Tax from normal operations at Rs. 1567 crore went up by 30%, over the corresponding period of the previous year.

Including extraordinary gain from sale of Ready Mix Concrete Business, the Profit after Tax for the nine month period ended December 31, 2008 stood at Rs. 2483 crore, a growth of 106% y-on-y.

### **Engineering & Construction Segment**

Bucking the current industry downturn, the segment has bagged healthy project orders during the quarter, reaffirming the Company's leadership position in turnkey project execution, infrastructure and capital goods sectors. The segment Order Inflow, at Rs. 13379 crore registered a growth of 17% over the corresponding quarter of the previous year. The segment revenues for the quarter at Rs. 7633 crore grew by 54% y-on-y.

Cumulatively for the nine month period, the segment Order Inflow at Rs. 34126 crore rose by 36% and segment revenue at Rs. 19165 crore grew by 51% over the corresponding period of the previous year.

The Segment Order Book as at December 31, 2008 stood at a record high of Rs.67029 crore, providing visibility to the growth trajectory of the segment's performance in the medium term. The share of International orders in the Order Book as on December 31, 2008 was 15%.

## **Outlook**

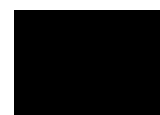
The Indian economy is going through a challenging phase during the current financial year. While the year began with a spurt in oil prices and high inflationary conditions, the current trend indicates a slowdown in the economy. Despite the best efforts of the government to shore up the investment climate, the capital goods industry is expected to grapple with the impact of slowdown, which is likely to continue through 2009-10.

The Company is constantly assessing the emerging developments in the country and abroad, and monitoring their impact on its growth strategy in the medium term. The Company's foray into the new Railway business has resulted in a few important order inflows, with more prospects on the anvil. Its renewed venture into Power business also holds significant potential. Its current initiatives on building a business opportunity in the nuclear power sector, are likely to bear fruit over the longer term.

In the near term, the Company expects to meet its growth projections backed by a healthy Order Book.

Rs. Lakh

	2008	2007	2008	2007	
1 Gross Sales / Revenues from Operations	869951	646180	2346848	1660993	2518748
Less: Excise Duty	10555	7912	29089	22210	33278
<b>Net Sales / Revenues from Operations</b>	<b>859396</b>	<b>638268</b>	<b>2317759</b>	<b>1638783</b>	<b>2485470</b>
2 Other Operational Income	2163	531	3044	797	2315
<b>3 Total Income (1+2)</b>	<b>861559</b>	<b>638799</b>	<b>2320803</b>	<b>1639580</b>	<b>2487785</b>
<b>4 Expenditure:</b>					
a) (Increase) / decrease in stock -in- trade and work -in -progress	8996	(16107)	(17367)	(50135)	(74617)
b) i) Consumption of raw materials	174441	153500	534933	439195	652242
ii) Sub-contracting charges	201668	137603	486145	309701	449044
iii) Construction materials	201679	141489	539450	345194	561032
iv) Purchase of traded goods	40252	40640	129438	108123	157835
v) Other manufacturing / operating expenses	57777	44977	165524	116813	167510
c) Employee cost	60555	39968	162155	115722	153544
d) Sales, administration and other expenses	38206	32755	106628	84993	137417
e) Depreciation, amortisation, obsolescence and impairment	7812	5270	21705	14343	21160
<b>Total Expenditure</b>	<b>791386</b>	<b>580095</b>	<b>2128611</b>	<b>1483949</b>	<b>2225167</b>
<b>5</b>	<b>70173</b>	<b>58704</b>	<b>192192</b>	<b>155631</b>	<b>262618</b>
<b>6 Other Income</b>	<b>30718</b>	<b>15142</b>	<b>63999</b>	<b>33558</b>	<b>56472</b>
<b>7</b>	<b>100891</b>	<b>73846</b>	<b>256191</b>	<b>189189</b>	<b>319090</b>
8 Interest expenses	9753	4384	20477	7280	12266
<b>9</b>	<b>91138</b>	<b>69462</b>	<b>235714</b>	<b>181909</b>	<b>306824</b>
10 Exceptional item : gain on disposal of stake in a subsidiary company	-	-	-	-	8723
<b>11 Profit from Ordinary Activities before Tax (9) + (10)</b>	<b>91138</b>	<b>69462</b>	<b>235714</b>	<b>181909</b>	<b>315547</b>
<b>12 Provision for Taxes:</b>					
a) Provision for Current Tax (including wealth tax)	28535	20539	72052	58654	89279
b) Provision for Deferred Tax	53	(282)	2706	(525)	1995
c) Provision for Tax on Fringe Benefits	2139	1026	4275	3114	6931
<b>Total Provision for Taxes</b>	<b>30727</b>	<b>21283</b>	<b>79033</b>	<b>61243</b>	<b>98205</b>
<b>13 Profit from Ordinary Activities after Tax (11) - (12)</b>	<b>60411</b>	<b>48179</b>	<b>156681</b>	<b>120666</b>	<b>217342</b>
<b>14 Extraordinary item - [net-of-tax of Rs. 26268 lakh]</b>					



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

Rs. Lakh

	2008	2007	2008	2007	(Audited)
<b>Gross Segment Revenue</b>					
1 Engineering & Construction	763255	496559	1916507	1272014	1937654
2 Electrical & Electronics	64692	61567	198501	182849	266292
3 Machinery & Industrial Products	52930	58956	184739	160400	241091
4 Others	17558	38148	95359	90575	130725
<b>Total</b>	<b>898435</b>	<b>655230</b>	<b>2395106</b>	<b>1705838</b>	<b>2575762</b>
Less: Inter-segment revenue	26321	8519	45214	44048	54699
<b>Net Segment Revenue</b>	<b>872114</b>	<b>646711</b>	<b>2349892</b>	<b>1661790</b>	<b>2521063</b>
<b>Segment Result (Profit before Interest and Tax)</b>					
1 Engineering & Construction	79477	56832	197969	131916	233281
2 Electrical & Electronics	6761	9579	21866	28431	39873
3 Machinery & Industrial Products	6620	11560	34944	29245	43101
4 Others	1156	1788	5823	4648	9829
<b>Total</b>	<b>94014</b>	<b>79759</b>	<b>260602</b>	<b>194240</b>	<b>326084</b>
Less:	1231	1442	3831	3382	5503
Less: Interest expenses	9753	4384	20477	7280	12266
Add: Unallocable corporate income net of expenditure	8108	(4471)	(580)	(1669)	7232
<b>Profit Before Tax (PBT)</b>	<b>91138</b>	<b>69462</b>	<b>235714</b>	<b>181909</b>	<b>315547</b>
<b>Capital Employed</b>					
<b>(Segment assets less Segment liabilities)</b>					
1 Engineering & Construction			636962	369720	410721
2 Electrical & Electronics			115733	85910	101413
3 Machinery & Industrial Products			41992	37187	43851
4 Others			23074	20533	33610
Total capital employed in Segments			<b>817761</b>	<b>513350</b>	<b>589595</b>
Unallocable corporate assets /less corporate liabilities			1040347	643514	730449
<b>Total Capital Employed</b>			<b>1858108</b>	<b>1156864</b>	<b>1320044</b>

**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 sectors / infrastructure industries, 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. **Others** include ready mix concrete (upto the date of sale), property development, e-engineering services and embedded systems.
- 3 Seg