



PRESS RELEASE

Issued by Corporate Communications Department

LARSEN & TOUBRO LIMITED

Bakhtawar, Ground Floor

Nariman Point, Mumbai 400 021

Tel: 91 22 6658 5100

Fax: 91 22 6658 5146/ 150

**Robust Performance for the quarter
ended September 30, 2007**

**Profit after Tax grows by 73%
Sales rise by 47%**

Mumbai, October 26, 2007: Larsen & Toubro Limited (L&T) reported strong performance registering a y-o-y growth of 47% in Gross Sales & Service Revenue at Rs. 5574 crore for the quarter ended September 30, 2007. The share of revenue from international operations during the quarter constituted 17% of the Gross Revenue. Order Inflow during the quarter at Rs. 7547 crore grew by 26% over the same period of the previous year signifying the Company's sustained leadership position in construction and turnkey projects and high end manufacturing business.

A strong impetus to infrastructure sector supported by sizeable capital investment programs and a stable market share for Company's products have contributed to robust growth in Sales and Order Inflow during the quarter.

Profit after Tax (PAT) at Rs. 348 crore for the quarter ended September 30, 2007 registered a healthy growth of 73% over the corresponding quarter of the previous year. Continued improvement in operational efficiencies and a judicious selection of orders with acceptable risk profile have enabled it to register an increase in the Operating Margins by 1.6 percentage point over the corresponding quarter of the previous year.

For the Half year ended September 30, 2007, Customer Order Inflow at Rs. 17428 crore has increased by 30% over the corresponding period of previous year. The Gross sales at Rs. 10148 crore and Profit after Tax at Rs. 725 crore also registered smart growth by 38% and 102% respectively, over the corresponding period of the previous year.

Engineering & Construction (E&C) Segment

Driven by a slew of opportunities in the infrastructure and the oil and gas sectors the E&C segment reported a healthy growth in its Order Inflow during the quarter over the corresponding quarter of the previous year. The Order Inflow at Rs. 5905 crore for the quarter ended September 30, 2007 registered an increase of 27% over the corresponding quarter of the previous year. The share of international orders booked during the quarter was 26% of the segment's total Order Inflow. The quality and the complexity of the orders bagged reflect the Company's technical skills and dominant position in the infrastructure and hydrocarbon sectors.

The segment revenue for the quarter ended September 30, 2007 at Rs. 4263 crore reflect an increase of 55% when compared to the same period of the previous year. The share of international revenue represented 17 % of the segment revenue. Cumulatively for the Half year ended September 30, 2007, the segment revenues at Rs. 7755 crore grew by 44% over the corresponding period of the previous year, reflecting continued growth momentum.

Backed by efficient contract management and better execution capabilities, the Segment registered a smart improvement in Operating Margin of about 3.1 percentage point during the quarter over the corresponding quarter of the previous year.

The segment ended the quarter with a healthy Order Book at Rs. 42028 crore. International Orders at Rs. 7274 crore represented 17% of the segment's Order Book.

Electrical & Electronics Segment

Electrical & Electronics segment maintained a robust growth in its Order Inflow and Sales, reflecting the Company's commanding position in this sector. The segment revenue at Rs. 672 crore for the quarter ended September 30, 2007 was higher by 44 % when compared to the corresponding quarter of the previous year. Electrical Standard Products & Systems, Control & Automation & Metering & Protection Systems businesses continued to pursue initiatives to upgrade production facilities, develop and improve product lines with a view to sustaining the leadership position in the market.

Machinery & Industrial Products Segment

The segment achieved Revenue of Rs. 592 crore from its businesses during the quarter ended September 30, 2007, registering a healthy increase of 36% over the same period of the previous year. Robust demand from industrial, infrastructure and construction sectors continues to benefit the businesses of this segment. The segment improved its profitability due to higher price realisation and better manufacturing efficiency.

Outlook

The fundamentals in the economy continue to support the strong growth trajectory of the capital goods sector with robust investments in infrastructure, power, hydrocarbon and minerals & metal sectors. On the back of strong oil prices, the Middle East region is expected to further ramp up investment in oil & gas production and distribution facilities. Given the favourable investment climate, the Company is expected to benefit from the order flows from these sectors. With a healthy Order Book, the Company is confident of sustaining the growth momentum both in terms of Revenue and Profitability in the near to medium term.



LARSEN & TOUBRO LIMITED
Registered Office : L&T House, Ballard Estate, Mumbai 400 001
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2007

Rs. crore

Particulars	3 months ended September 30		6 months ended September 30		Year ended March 31
	2007	2006	2007	2006	2007
					(Audited)
1 Gross Sales / Revenues from Operations	5574.26	3804.30	10148.13	7335.34	17900.59
Less: Excise Duty	74.32	73.82	142.98	128.75	334.18
Net Sales / Revenues from Operations	5499.94	3730.48	10005.15	7206.59	17566.41
2 (i) Other Operational Income	0.94	6.63	2.63	8.02	37.67
(ii) Other Income	22.39	119.41	232.17	183.85	483.68
3 Total Income (1+2)	5523.27	3856.52	10239.95	7398.46	18087.76
4 Expenditure :					
a) (Increase) / decrease in stock -in- trade and work -in -progress	(165.76)	(51.17)	(340.28)	(130.63)	(121.76)
b) i) Consumption of raw materials	1588.75	843.23	2861.80	1571.20	4071.93
ii) Sub-contracting charges	877.04	681.58	1720.98	1485.75	3398.36
iii) Construction materials	1084.75	810.21	2037.05	1595.18	3639.96
iv) Purchase of traded goods	368.15	283.48	669.97	509.20	1181.00
v) Other manufacturing / operating expenses	412.14	296.76	719.75	571.22	1377.72
c) Employees cost	443.22	391.03	756.26	636.81	1258.21
d) Sales, administration and other expenses	305.34	238.15	570.26	487.40	1014.45
e) Depreciation, amortisation, obsolescence and impairment	48.32	33.64	90.73	64.53	170.01
Total Expenditure	4961.95	3526.91	9086.52	6790.66	15989.88
5 Interest expenses	13.24	23.94	28.96	57.32	92.99
6 Profit before Tax (3) - (4+5)	548.08	305.67	1124.47	550.48	2004.89
7 Provision for Tax :					
a) Provision for Current Tax (including for wealth tax)	185.53	101.01	381.15	185.84	612.32
b) Provision for Deferred Tax	(0.57)	(0.15)	(2.43)	(0.89)	(25.63)
c) Provision for Tax on Fringe Benefits	15.10	3.59	20.88	7.18	15.18
Total Provision for Tax	200.06	104.45	399.60	192.13	601.87
8 Profit after Tax (6-7)	348.02	201.22	724.87	358.35	1403.02
9 Paid-up equity share capital (Face value of share:Rs. 2 each)	57.36	28.00	57.36	28.00	56.65
10 Reserves excluding revaluation reserve					5683.85
11 Basic EPS (Rupees) [See note 2]	12.19	7.20	25.48	12.89	50.22
12 Diluted EPS (Rupees) [See note 2]	11.93	7.11	24.06	12.67	48.36
13 Aggregate of Public Shareholding:					
- Number of Shares ('000s)	279158	135760	279158	135760	276383
- Percentage of Shareholding	97.34%	96.96%	97.34%	96.96%	97.57%

Notes :

- The Company during the quarter ended September 30, 2007 has :
 - allotted 0.27 lakh shares of Rs 2 each, fully paid up, on exercise of stock options by employees, in accordance with the Company's stock option schemes.
 - allotted 29.60 lakh shares of Rs 2 each, fully paid up, on exercise of conversion option by some holders of the foreign currency convertible bonds issued by the Company.
- The earnings per share [" EPS "] data for the quarter and six -months period ended September 30, 2006 have been adjusted for the issue of bonus shares in the ratio of 1:1 allotted on October 3, 2006.
- There were no pending investor complaints as on July 1, 2007. During the quarter ended September 30, 2007, 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 period.
- 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 on October 26, 2007.

for LARSEN & TOUBRO LIMITED

Mumbai
October 26, 2007

A. M. NAIK
Chairman & Managing Director

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

Rs. crore

Particulars	3 months ended September 30		6 months ended September 30		Year ended March 31
	2007	2006	2007	2006	2007
					(Audited)
Gross Segment Revenue					
1 Engineering & Construction	4262.58	2749.36	7754.52	5368.24	13425.05
2 Electrical & Electronics	671.73	467.00	1212.82	891.38	2067.08
3 Machinery & Industrial Products	591.73	435.48	1014.44	772.31	1843.00
4 Others	232.91	212.52	524.27	423.46	943.65
Total	5758.95	3864.36	10506.05	7455.39	18278.78
Less: Inter-segment revenue	183.75	53.43	355.29	112.03	340.52
Net Segment Revenue	5575.20	3810.93	10150.76	7343.36	17938.26
Segment Result (Profit before Interest and Tax)					
1 Engineering & Construction	453.87	215.00	750.84	414.10	1407.57
2 Electrical & Electronics	102.06	73.56	180.62	140.90	307.60
3 Machinery & Industrial Products	86.44	62.87	176.20	120.83	313.14
4 Others	16.47	19.98	28.60	39.84	73.23
Total	658.84	371.41	1136.26	715.67	2101.54
Less: Segment margins on internal capitalization	4.66	3.67	11.10	6.40	13.42
Less: Interest expenses	13.24	23.94	28.96	57.32	92.99
Add Net Unallocable corporate income / (expenditure)	(92.86)	(38.13)	28.27	(101.47)	9.76
Profit Before Tax	548.08	305.67	1124.47	550.48	2004.89
Capital Employed					
(Segment assets less Segment liabilities)					
1 Engineering & Construction			3431.35	2596.82	2886.55
2 Electrical & Electronics			798.42	459.07	709.91
3 Machinery & Industrial Products			356.31	242.15	312.13
4 Others			139.73	173.22	194.04
Total capital employed in Segments			4725.81	3471.26	4102.63
Unallocable corporate assets less corporate liabilities			4535.29	3242.63	3783.74
Total Capital Employed			9261.10	6713.89	7886.37

Notes :

- 1 Segments have been identified in accordance with Accounting Standard 17 on Segment Reporting, considering the return / risk 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, shipbuilding and supply of complex plant and equipments to core sectors. **Electrical & Electronics** include manufacture and/or sale of low voltage switchgear, switchboards, petroleum dispensing pumps and systems, energy metering /protection systems, control & automation and medical equipment. **Machinery & Industrial Products** comprises industrial machinery & equipment, marketing of industrial valves, construction equipment and welding / industrial products. **Others** include ready mix concrete, property development, e-engineering services and embedded systems.
- 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 dividends and profit on sale of investments. Corporate assets mainly comprise investments.
- 4 In the Engineering & Construction segment, margins do not accrue uniformly during the year. Hence the operational / financial performance of aforesaid segment can be discerned only on the basis of figures for the full year.