



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

Performance for the quarter ended June 30, 2008

Profit after Tax grows by 33 %

Mumbai, July 28, 2008: Backed by a healthy order book, Larsen & Toubro Limited reported impressive financials for the quarter ended June 30, 2008. The Gross Sales at Rs. 6993 crore grew by 53% over the corresponding quarter of the previous year. The growth trend witnessed in the last fiscal in Order Inflow, continued during the first quarter of 08-09 with a rise of 24% over the corresponding quarter of the previous year. The Company's leadership position and superior capability have aided in garnering fresh orders across its manufacturing, engineering and construction sectors.

Efficiency in project execution and effective cost management have enabled the Company to report good growth in profitability. Segment profitability has improved during the quarter in line with the higher margins realized on the company's major business lines. Profit after Tax (PAT) for the quarter at Rs. 502 crore, grew by 33% over the corresponding quarter of the previous year. The Company reported significant foreign exchange gain during the first quarter of the previous year. Excluding the incidence of such exchange gain, the net profit for the quarter grew by a robust 70% year-on-year basis.

Engineering & Construction (E&C) Segment

The E&C segment reported healthy growth in its Order Inflows during the quarter at Rs. 10516 crore registering an increase of 28% over the corresponding quarter of the previous year. The share of international orders booked during the quarter was 13% of the segment's total Order Inflow.

E&C segment sales for the quarter ended June 30, 2008 at Rs. 5545 crore grew by 59% when compared with the corresponding quarter of the previous year. The share of export revenue represented 19% of the quarter's segment revenue.

Astute contract management, a sound risk evaluation framework at all stages of project life cycle, strict adherence to quality and delivery deadlines and continuous cost optimization in executing large turnkey projects have enabled

E&C Segment improve its operating margins to 10.5% during the quarter, compared to 9.6% of the corresponding quarter of the previous year.

As at the end of the quarter, the Segment's Order Book stood at Rs. 56336 crore. International Order Book at Rs. 9058 crore represents 16% of the segment's Order Book.

The details of the major orders secured during the quarter are given in the Annexure.

Electrical & Electronics Segment

The segment reported a modest growth in its Order Inflows and Sales, despite the sluggish demand prevailing during the quarter. The segment sales revenue at Rs. 578 crore for the quarter increased by 7% when compared with the corresponding quarter of the previous year. Export revenues constitute 12% of the segment revenues for the quarter. Spurt in input cost coupled with lower sales volume and competitive pressures have resulted in lower operating margins for the quarter.

Machinery & Industrial Products Segment

The segment achieved gross sales of Rs. 634 crore during the quarter, registering a healthy increase of 50% over the corresponding quarter of the previous year. The segment realized higher operating margins for the quarter due to improved performance by Valves, Industrial Machinery and Welding Systems businesses. Construction & Mining Equipment business continued to perform well during the current quarter.

Outlook

The robust order book of the Company provides healthy sales growth visibility over the next one to two years. Considering the importance of sustaining investments in critical sectors like infrastructure, power, hydrocarbon etc., the Company is optimistic of achieving growth in order inflows in the near to medium term. The Company will continue to look out for investment in growth enhancing opportunities. The Company's focus on strategies and measures to counter inflation and changing economic conditions are expected to help sustain the profitability of its various businesses.

**LARSEN & TOUBRO LIMITED**

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

UNAUDITED STAND-ALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30 , 2008

Particulars		3 months ended		Rs. Lakh
		June 30		Year ended
		2008	2007	March 31, 2008
				(Audited)
1	Gross Sales / Revenues from Operations	699276	457387	2518748
	Less: Excise Duty	9133	6987	33278
	Net Sales / Revenues from Operations	690143	450400	2485470
2	(i) Other Operational Income	346	169	2315
	(ii) Interest Income	1042	1769	8448
	(iii) Other Income	18795	19209	48024
3	Total Income (1+2)	710326	471547	2544257
4	Expenditure:			
a)	(Increase) / decrease in stock -in- trade and work -in -progress	(21005)	(17452)	(74617)
b)	i) Consumption of raw materials	181969	127309	652242
	ii) Sub-contracting charges	145726	84499	449044
	iii) Construction materials	153946	95230	561032
	iv) Purchase of traded goods	41037	30182	157835
	v) Other manufacturing / operating expenses	49712	31878	167510
c)	Employee cost	40969	31262	153544
d)	Sales, administration and other expenses	32053	25187	137417
e)	Depreciation, amortisation, obsolescence and impairment	6587	4241	21160
	Total Expenditure	630994	412336	2225167
5	Interest expenses	3824	1572	12266
6	Exceptional item : gain on disposal of stake in a subsidiary company	-	-	8723
7	Profit before Tax (3) - (4) - (5) + (6)	75508	57639	315547
8	Provision for Taxes:			
a)	Provision for Current Tax (including wealth tax)	23127	19562	89279
b)	Provision for Deferred Tax	1097	(186)	1995
c)	Provision for Tax on Fringe Benefits	1040	578	6931
	Total Provision for Taxes	25264	19954	98205
9	Profit after Tax (PAT) (7) - (8)	50244	37685	217342
10	Paid-up equity share capital (Face value of share:Rs. 2 each)	5848	5676	5847
11	Reserves excluding revaluation reserve			947071
12	Basic EPS (Rupees)	17.19	13.30	75.59
13	Diluted EPS (Rupees)	16.89	11.94	72.76
14	Aggregate of Public Shareholding:			
	- Number of Shares ('000s)	280309	276480	280245
	- Percentage of Shareholding	95.86%	97.42%	95.87%

Notes :

- The Company during the quarter ended June 30, 2008 has allotted 78372 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.
- There were no pending investor complaints as on April 1, 2008. During the quarter ended June 30, 2008, 26 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 results for the quarter ended June 30, 2008 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 July 28, 2008.

for LARSEN & TOUBRO LIMITED

Mumbai
July 28, 2008A. M. NAIK
Chairman & Managing Director

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

Rs. Lakh

Particulars	3 months ended June 30		Year ended March 31, 2008
	2008	2007	
Gross Segment Revenue			
1 Engineering & Construction	554169	349460	1937654
2 Electrical & Electronics	57761	54109	266292
3 Machinery & Industrial Products	63347	42271	241091
4 Others	37595	29136	130725
Total	712872	474976	2575762
Less: Inter-segment revenue	13250	17420	54699
Net Segment Revenue	699622	457556	2521063
Segment Result (Profit before Interest and Tax)			
1 Engineering & Construction	53653	29697	233281
2 Electrical & Electronics	6639	7856	39873
3 Machinery & Industrial Products	14627	8976	43101
4 Others	2485	1213	9829
Total	77404	47742	326084
Less: Segment margins on internal capitalization	1148	644	5503
Less: Interest expenses	3824	1572	12266
Add: Unallocable corporate income net of expenditure	3076	12113	7232
Profit Before Tax	75508	57639	315547
Capital Employed (Segment assets less Segment liabilities)			
1 Engineering & Construction	481671	322841	410721
2 Electrical & Electronics	105264	76512	101413
3 Machinery & Industrial Products	40751	29746	43851
4 Others	30216	13532	33610
Total capital employed in Segments	657902	442631	589595
Unallocable corporate assets less corporate liabilities	819091	423305	730449
Total Capital Employed	1476993	865936	1320044

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, 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 interest income, 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.

for LARSEN & TOUBRO LIMITED

Mumbai
July 28, 2008

A. M. NAIK
Chairman & Managing Director