



PRESS RELEASE

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Performance for the quarter ended September 30, 2008

74% increase in Order Inflow PAT grows by 32%

Mumbai, October 15, 2008: Larsen & Toubro Limited has reported Gross Sales of Rs. 7776 crore for the quarter ended September 30, 2008, registering an increase of 40% over the corresponding quarter of the previous year. In an environment of global financial turmoil and slow-down in the domestic economy, the Company has performed well by securing fresh orders totaling to Rs.12453 crore during the quarter - a y-o-y growth of 74%. The share of Order Inflow and Sales from international business at 21% and 19% respectively, bears a testimony of the Company's growing presence in the international market.

While Profit before Interest and Tax for the quarter ended September 30, 2008 at Rs. 760 crore rose by 35%, Profit after Tax for the quarter at Rs. 460 crore grew by 32%, over the corresponding quarter of the previous year.

For the half year ended September 30, 2008, the Sales revenues at Rs. 14769 crore grew by 46% and Profit After Tax at Rs. 963 crore grew by 33% over the corresponding period of the previous year.

Engineering & Construction Segment

The Segment has reported healthy financials for the quarter ended September 30, 2008. The slew of mega project orders bagged by the segment demonstrates the Company's pre-eminent position in the market place and reaffirms the trust reposed by the domestic and international clients in its technical supremacy and superior execution skills. The segment Order Inflow, at Rs. 10434 crore registered a growth of 90% over the corresponding quarter of the previous year, with the share of international orders at 22%. The segment revenues at Rs. 5990 crore grew by 41% for the quarter.

Cumulatively, for the half-year period, the segment Order Inflow at Rs. 20950 crore, grew by 53% and segment revenue at Rs. 11531 crore rose by 49% over the corresponding period of the previous year. Most of the Orders under execution are either ahead or in line with the contractual delivery deadlines.

The Engineering and Construction Segment's ability to ring fence itself against a substantial part of the input cost increases in its projects, through appropriate contractual escalation clauses, enabled it to maintain its margins during the quarter. Timely execution of orders lent an important support in holding the project profitability.

The Segment Order Book as at September 30, 2008 stood at a record high of Rs.60931 crore, signifying the sustainability of growth momentum in the near to medium term. The share of International orders in the closing Order Book was 17%.

Electrical & Electronics Segment

The Segment posted a revenue growth of 13% at Rs. 760 crore for the quarter, in the face of a severe liquidity crunch in the economy and rising interest cost, adversely impacting the demand for its products & services. Export efforts were stepped up during the quarter to supplement the sluggish domestic market demand, thereby boosting the share of international sales to 16% for the current quarter. The segment profitability for the quarter was under strain, due to higher input costs, lower capacity utilization and competitive pressures constraining the ability to pass through the cost increases to the customers.

Machinery & Industrial Products Segment

The Segment reported revenues of Rs. 685 crore for the quarter ended September 30, 2008, registering a growth of 16% over the corresponding quarter of the previous year. The share of exports stood at 22% for the quarter. Aided partly by rupee depreciation, the Segment realized higher margins from international sales of Valves & Industrial Machinery products during the quarter. It has also been able to maintain the superior margins from domestic markets in the Construction Machinery business, despite the competitive pressures.

Outlook

Given the quality of the Order Book and the brisk inflow of orders so far during the quarter, the Company is confident about meeting its financial goals for the current year. It is closely monitoring the unfolding developments in the global financial markets and the impact of these on its growth plans in the medium term. The Company is gearing up with its mitigation strategies to counter the consequences of investment slowdown, if any, amidst deteriorating credit conditions. The thrust over the past few years on geographical diversification and the efforts towards incubation of synergistic new business lines, such as Power and Railways, is expected to provide adequate business opportunities in the medium to long term.

Background:

L&T is a USD 7 billion technology, engineering and construction company with global operations. It is one of the largest and most respected companies in India's private sector.

A strong, customer-focused approach and the constant quest for top-class quality have enabled L&T to attain and sustain leadership in its major lines of business across seven decades. L&T has distinguished records of achievements including the world's largest coal gasifier made in India and exported to China, India's first indigenous hydrocracker reactor, oil and gas platform projects executed to global benchmarks and the world's largest Continuous Catalyst Regeneration reactor


LARSEN & TOUBRO LIMITED

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

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

Particulars	3 months ended September 30				6 months ended September 30		Rs. Lakh Year ended March 31, 2008 (Audited)
	2008	2007	2008	2007			
	1	Gross Sales / Revenues from Operations	777621	557426	1476897	1014813	2518748
	Less: Excise Duty	9401	7311	18534	14298	33278	
	Net Sales / Revenues from Operations	768220	550115	1458363	1000515	2485470	
2	Other Operational Income	415	94	761	263	2315	
3	Total Income (1+2)	768635	550209	1459124	1000778	2487785	
4	Expenditure:						
a)	(Increase) / decrease in stock -in- trade and work -in -progress	(5358)	(16576)	(26363)	(34028)	(74617)	
b)	i) Consumption of raw materials	178523	158386	360492	285695	652242	
	ii) Sub-contracting charges	138751	87599	284477	172098	449044	
	iii) Construction materials	183708	108475	337654	203705	561032	
	iv) Purchase of traded goods	48149	37301	89186	67483	157835	
	v) Other manufacturing / operating expenses	57578	38959	107290	70837	167510	
c)	Employee cost	60631	44492	101600	75754	153544	
d)	Sales, administration and other expenses	38970	41851	69252	58035	137417	
e)	Depreciation, amortisation, obsolescence and impairment	7306	4832	13893	9073	21160	
	Total Expenditure	708258	505319	1337481	908652	2225167	
5	Profit from Operations before Other Income, Interest & Exceptional Items (3-4)	60377	44890	121643	92126	262618	
6	Other Income	15591	11242	33657	23217	56472	
7	Profit before Interest & Exceptional Items (5+6)	75968	56132	155300	115343	319090	
8	Interest expenses	6900	1324	10724	2896	12266	
9	Profit after Interest but before Exceptional Items (7-8)	69068	54808	144576	112447	306824	
10	Exceptional item : gain on disposal of stake in a subsidiary company	-	-	-	-	8723	
11	Profit before Tax (PBT) (9) + (10)	69068	54808	144576	112447	315547	
12	Provision for Taxes:						
a)	Provision for Current Tax (including wealth tax)	20390	18553	43517	38115	89279	
b)	Provision for Deferred Tax	1556	(57)	2653	(243)	1995	
c)	Provision for Tax on Fringe Benefits	1096	1510	2136	2088	6931	
	Total Provision for Taxes	23042	20006	48306	39960	98205	
13	Profit after Tax (PAT) (11) - (12)	46026	34802	96270	72487	217342	
14	Paid-up equity share capital (Face value of share:Rs. 2 each)	5852	5736	5852	5736	5847	
15	Reserves excluding revaluation reserve					947071	
16	Basic EPS (Rupees) (refer note no. 2)	15.74	12.19	32.92	25.48	75.59	
17	Diluted EPS (Rupees) (refer note no. 2)	15.47	11.93	32.35	24.06	72.76	
18	Aggregate of Public Shareholding:						
	- Number of Shares ('000s)	281593	279158	281593	279158	280245	
	- Percentage of Shareholding	96.24%	97.34%	96.24%	97.34%	95.87%	

Notes :

- The Company, during the quarter ended September 30, 2008, has allotted 186292 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.
- On October 8, 2008, the Company has 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 [October 3, 2008]. The earnings per share data disclosed above exclude the effect of the aforesaid allotment of bonus shares.
- There were no pending investor complaints as on July 1, 2008. During the quarter ended September 30, 2008, 29 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 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 15, 2008.

for LARSEN & TOUBRO LIMITED

 Mumbai
October 15, 2008

 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	3 months ended September 30		6 months ended September 30		Year ended March 31, 2008
	2008	2007	2008	2007	Audited
Gross Segment Revenue					
1 Engineering & Construction	598963	425992	1153132	775452	1937654
2 Electrical & Electronics	76048	67173	133809	121282	266292
3 Machinery & Industrial Products	68462	59173	131809	101444	241091
4 Others	40206	23291	77801	52427	130725
Total	783679	575629	1496551	1050605	2575762
Less: Inter-segment revenue	5643	18109	18893	35529	54699
Net Segment Revenue	778036	557520	1477658	1015076	2521063
Segment Result (Profit before Interest and Tax)					
1 Engineering & Construction	64839	45387	118492	75084	233281
2 Electrical & Electronics	8466	10996	15105	18852	39873
3 Machinery & Industrial Products	13697	8709	28324	17685	43101
4 Others	2182	1647	4667	2860	9829
Total	89184	66739	166588	114481	326084
Less: Segment margins on internal capitalization	1452	1296	2600	1940	5503
Less: Interest expenses	6900	1324	10724	2896	12266
Add: Unallocable corporate income net of expenditure	(11764)	(9311)	(8688)	2802	7232
Profit Before Tax (PBT)	69068	54808	144576	112447	315547
Capital Employed					
(Segment assets less Segment liabilities)					
1 Engineering & Construction			567600	343135	410721
2 Electrical & Electronics			114296	79842	101413
3 Machinery & Industrial Products			40597	35631	43851
4 Others			41131	13973	33610
Total capital employed in Segments			763624	472581	589595
Unallocable corporate assets /less corporate liabilities			781722	453529	730449
Total Capital Employed			1545346	926110	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
October 15, 2008

A. M. NAIK
Chairman & Managing Director