



PRESS RELEASE

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**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 in(capi)-6.2(t)-0.8(al int0.0497rnke8w

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.

	2007	2006	2007	2006	Rs. crore Year ended March 31 2007 (Audited)
1	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					

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

Rs. crore

	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