

PRESS RELEASE

Issued by Corporate Communications Department
LARSEN & TOUBRO LIMITED
L&T House, Ballard Estate, Mumbai 400 001

Tel: 67 525 656 Ext: 832/649/856/853
Fax: 91-22-67525 607/ 8

Performance for the quarter ended December 31, 2006

Group PAT up 80%

Mumbai, January 29, 2007: Gross sales from operations of Larsen & Toubro Limited for October–December 2006 stood at Rs. 4200 crore as against Rs. 3742 crore for the

in the E&C segment. The Company expects this growth trend to continue in the last quarter of the current fiscal year.

E&C segment revenue for the quarter ended December 31, 2006 was at Rs.3160 crore as against Rs. 2951 crore for the corresponding quarter of the previous year. The share of export revenue for the quarter at Rs.614 crore represents 19 % of the segment revenue.

Segment profits [PBIT] at Rs. 325 crore for the current quarter recorded a smart growth of 56% over the corresponding quarter of the previous year, largely due to better selection of jobs, close monitoring and control of contract execution costs through appropriate risk management framework and economies of scale achieved through larger size of orders.

The segment order backlog as at December 31, 2006 is robust at Rs.34142 crore.

Electrical & Electronics Segment

Electrical & Electronics segment reported a robust growth in sales, reflecting the superiority of the Company's products and its contemporary applications in a rapidly growing market. The segment revenue at Rs.483 crore for the quarter ended December 31, 2006 was significantly higher when compared to Rs. 383 crore for the corresponding quarter of the previous year.

The increase reflects a sustained growth in the Electrical Standard Products, Electrical Systems & Equipment, Control & Automation and Metering & Protection Systems businesses. The Company continues to be a market leader in Low Tension Switchgear products through its cost efficient manufacturing, widespread distribution network, product innovation and quality.

Machinery & Industrial Products Segment

The segment revenue at Rs. 407 crore for the quarter ended December 31, 2006 was higher when compared to Rs. 349 crore for the corresponding quarter of the previous year. The growth in revenue was witnessed in most of its product lines, both manufactured and traded. Increased volumes, higher price differentials and improved manufacturing efficiency contributed to better margins and profitability over the corresponding quarter of the previous year.

Outlook

Indian economy is poised to sustain its accelerated growth momentum led by an impressive performance of the manufacturing and infrastructure sectors. The Company's leadership position in these sectors holds good potential in terms of continued upsurge in order booking and sales. The current economic buoyancy seen in the Middle-East region, where the Company is building up a significant presence, also offers several promising business opportunities for all business segments of the Company.

The revenue growth, which was modest in the first nine months, is expected to be at a higher level in the last quarter. The smart improvement in margin is expected to be maintained in the short and medium term.

Rs. crore
Year ended
March 31

	2006	2005	2006	2005	2006
1 Gross Sales / Revenues from Operations	4199.51	3741.85	11534.85	10270.20	14964.61
Less: Excise Duty	81.09	53.13	204.25	152.38	230.76
Net Sales / Revenues from Operations	4118.42	3688.72	11330.60	10117.82	14733.85
2 i) Other Operational Income	3.78	15.74	10.60	21.69	29.23
ii) Other Income	124.15	45.05	247.55	276.66	435.55
Total - Other Income	127.93	60.79	258.15	298.35	464.78
3 Total Expenditure	3692.89	3410.77	10393.90	9607.44	13695.42
a) (Increase) / decrease in stock in trade	(80.73)	55.15	(96.19)	52.72	61.81
b) i) Consumption of raw materials (incl.WIP)	1185.41	822.34	2829.52	2562.55	3636.95
ii) Sub-contracting charges	806.61	954.79	2265.84	2345.73	3270.01
iii) Construction materials	692.87	666.26	2291.86	1891.34	3003.76
iv) Purchase of trading goods	338.18	289.45	847.38	866.08	1145.80
v) Other manufacturing / operating expenses	147.62	123.72	410.07	334.46	472.00
c) Staff expenses	302.83	234.74	947.77	691.91	890.03
d) Sales, administration and other expenses	300.10	264.32	897.65	862.65	1215.06
4 Interest (Net)	1.22	22.50	27.60	46.97	75.07
5 Depreciation, amortisation and obsolescence	35.67	26.64	100.20	82.06	114.49
6 Profit before Tax [before extraordinary items]	516.57	289.60	1067.05	679.70	1313.65
7 Provision for Current Tax (including for wealth tax)	170.36	50.62	356.20	184.71	364.94
8 Provision for Deferred Tax	(1.66)	(1.88)	(2.55)	(4.90)	(15.35)
9 Provision for Tax on Fringe Benefits	3.97	5.07	11.15	16.26	21.67
10 Profit after Tax [before extraordinary items]	343.90	235.79	702.25	483.63	942.39
11	-	23.48	-	61.66	69.75
12 Net Profit after Tax [after extraordinary items]	343.90	259.27	702.25	545.29	1012.14
13 Paid-up equity share capital (Face value of share: Rs. 2 each)	56.11	26.97	56.11	26.97	27.48
14 Reserves excluding revaluation reserve					4583.32
15 Basic EPS (Rupees)	12.27	9.70	25.18	20.66	38.03
16 Basic EPS (Rupees) - excluding extraordinary items	12.27	8.82	25.18	18.32	35.41
17 Diluted EPS (Rupees)	11.24	9.55	24.36	19.87	36.23
18 Diluted EPS (Rupees) - excluding extraordinary items	11.24	8.72	24.36	17.69	33.77
19 Aggregate of Non-Promoter Shareholding:					
- Number of Shares ('000s)	280566	134849	280566	134849	137386
- Percentage of Shareholding	100%	100%	100%	100%	100%
	343.90	187.18	684.50	405.27	863.47

Notes :

- The residual business (electrical) of Datar Switchgear Limited ("Acquired entity") has been merged with the Company with effect from April 1, 2005 [the Transfer Date]. The operating results of the acquired entity for the nine-month period of the current financial year have been included in the Company's results for the current quarter, consequent upon compliance with the requirements under BIFR Rehabilitation package on October 3, 2006 [the Effective Date]. The results of the acquired entity for the period from April 1, 2005 to March 31, 2006 have been adjusted against the opening reserves. The results of the acquired entity for these periods are not material.
- In accordance with the transitional provisions prescribed under the Accounting Standard 15 (Revised) on Employee Benefits, issued by The Institute of Chartered Accountants of India, a sum of Rs 7.69 crore has been charged to the opening reserves as at April 1, 2006.
- On October 3, 2006, the Company has allotted bonus equity shares of Rs 2 each, fully paid up, in the ratio of 1:1, to all registered

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

	<i>Rs. crore</i>				
	Year ended				
	March 31				
	2006	2005	2006	2005	2006
Gross Segment Revenue					
1 Engineering & Construction	3159.54	2950.98	8527.78	7903.66	11569.41
2 Electrical & Electronics	482.52	383.30	1373.90	1088.15	1549.98
3 Machinery & Industrial Products	406.56	349.28	1178.87	1022.07	1473.83
4 Others	267.68	182.92	689.94	460.62	672.23
Total	4316.30	3866.48	11770.49	10474.50	15265.45
Less: Inter-segment revenue	113.01	108.89	225.04	182.61	271.61
Net Segment Revenue	4203.29	3757.59	11545.45	10291.89	14993.84
Segment Result (Profit before Interest and Tax)					
1 Engineering & Construction	325.21	208.75	739.31	451.87	860.93
2 Electrical & Electronics	70.87	59.79	211.77	155.62	227.31
3 Machinery & Industrial Products	55.42	52.21	176.25	125.47	198.65
4 Others	8.38	3.59	48.23	25.27	53.59
Total	459.88	324.34	1175.56	758.23	1340.48
Less:	2.01	6.73	8.41	14.77	24.49
Less: Interest expense, net of receipts	1.22	22.50	27.60	46.97	75.07
Add Net unallocable corporate income / (expenditure)	59.92	(5.51)	(72.50)	(16.79)	72.73
Profit Before Tax [before extraordinary items]	516.57	289.60	1067.05	679.70	1313.65
Capital Employed					
(Segment assets less Segment liabilities)					
1 Engineering & Construction			2782.41	3311.67	2947.50
2 Electrical & Electronics			584.15	309.02	363.39
3 Machinery & Industrial Products			194.37	215.56	210.18
4 Others			173.69	228.69	188.18
Total capital employed in Segments			3734.62	4064.94	3709.25
Unallocable corporate assets less corporate liabilities			3565.96	2003.83	2461.77
Total Capital Employed			7300.58	6068.77	6171.02

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 management reporting systems.
- 2 Segment definitions : **Engineering & Construction** comprises execution of engineering and construction projects, provide solutions in civil, mechanical, electrical, and instrumentation engineering (on turnkey basis or otherwise), shipbuilding and supply of complex plant and equipments to core sectors. **Electricals & 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