



PRESS RELEASE

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L&T's Performance for the year ended March 31, 2007

50% increase in PAT for the quarter ended March 31, 2007 Group PAT for the year surges 70%

Mumbai, May 29, 2007: Larsen & Toubro Limited (L&T) has produced very good results for the year 2006-07. The Gross Sales & Service revenue from operations at Rs. 17901 crore for the financial year ended March 31, 2007 registered a y-o-y growth of 20%. The share of revenue from international operations constituted 18% of the Gross Revenue.

Gross Sales & Service revenue at Rs.6366 crore for the quarter ended March 31, 2007 grew by 36% when compared with the revenue for the corresponding period of the previous year.

Profit after Tax (PAT), including exceptional gains, at Rs.1403 crore for the year ended March 31, 2007 increased by 39% over the previous year. Similarly, PAT for the quarter ended March 31, 2007 at Rs.701 crore increased by 50 % over the corresponding quarter of the previous year.

Excluding exceptional gains, PAT for the year ended March 31, 2007 grew by 60% while PAT for the quarter ended March 31, 2007 registered a growth of 53%.

Operating Profits (EBITDA) for the year at Rs. 2209 crore smartly grew by 47% over the previous year. All the business segments of the Company registered an impressive growth in their Operating Margins.

The provision for current tax is higher at Rs. 612 crore as compared to the previous year's provision of Rs.365 crore, due to the increase in the share of taxable earnings from business operations.

Strong economic fundamentals, generally buoyant market, growing capital goods sector, strategy of carefully choosing business opportunities and smart execution of jobs – all these factors together contributed to the robust growth in Revenue & Profitability during the year.

The Board of Directors has recommended a final dividend of Rs. 2 per equity share, which takes the total dividend for the year, including the interim dividend of Rs.11/- per share already paid, to Rs.13 per equity share.

Group Financials

The strong financial performance of the company was adequately complemented by the other companies in the Group leading to a superior Group performance both in terms of Revenue and Profitability. The Group registered a y-o-y increase of 25% in the Total Income which stood at Rs.21342 crore for the year ended March 31, 2007.

The Group PAT for the year 2006-07 stood at Rs. 2240 crore posting an impressive growth of 70% over the previous year. Excluding exceptional gains, the Group PAT was higher by 72% over the previous year.

Engineering & Construction (E&C) Segment

The E&C segment reported a significant growth in its Order Inflows during the year 2006-07, in line with the increased activity in the Hydro-carbon & infrastructure sectors both within the country and overseas. The Order Inflows at Rs. 25249 crore for the year ended March 31, 2007 posted an increase of 37% over the previous year. The share of international orders booked during the quarter was 27% of the segment's total Order Inflow.

E&C segment revenues for the year ended March 31, 2007 at Rs. 13425 crore registered an increase of 16% when compared to the previous year. The share of export revenues represented 18 % of the segment revenues.

The Operating Margin of this segment saw a noteworthy improvement to 11.1% for the year ended March 31, 2007 as against 8.1% for the previous year.

The segment had a healthy Order Book as on March 31, 2007 at Rs. 35333 crore. The international Order Book at Rs. 5627 crore represented 16% of the segment's Order Book.

The details of the major orders secured during the year ended March 31, 2007 are given in Annexure I.

Electrical & Electronics Segment

Electrical & Electronics segment reported a robust growth in its Order Inflows and Sales, reflecting the Company's strong position in this sector. The segment revenues at Rs. 2067 crore for the year ended March 31, 2007 was higher by 33 % when compared to the previous year.

Satisfactory growth was seen in the Electrical Standard Products and Systems, Control & Automation and Metering & Protection Systems businesses. Export revenues constitute 8.6% of the segment revenue. 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. The segment maintained its profitability in the face of competitive pressure.

Machinery & Industrial Products Segment

Total revenue from the businesses under this segment during the year ended March 31, 2007 was Rs. 1843 crore, posting a healthy increase of 25% over the previous year. Increased activity in the industrial, infrastructure and construction sectors has benefited this segment which witnessed higher sales growth in industrial valves, construction equipment and welding systems/products businesses. Besides increased volumes, higher price-differentials and improved manufacturing efficiency contributed to better profitability in this business segment.

Outlook

Indian economy is firmly on an accelerated growth path, led by the twin engines of growth viz. the manufacturing and the infrastructure sectors. The Company's leadership position in the construction, projects & manufacturing-led businesses holds good potential for growth. With a healthy Order Book at the end of the year, the Company is confident to sustain the growth momentum both in terms of Sales and Profitability in the near to medium term. This confidence also stems from the sound economic fundamentals and capacity creation prospects across all core sectors. The Company has launched aggressive capacity expansion programs and ventured into new areas of growth like ship-building and power equipment manufacturing to support its growth ambition.

Annexure I

- The details of major orders secured during the year ended March 31, 2007 are given below:

Domestic

April 06 – March 07

	<i>Rs. Crore</i>
▶ Construction of Airport Terminal - 3 including preliminaries at Delhi for Delhi International Airport Limited	5565
▶ EPC contract for construction, installation and commissioning of Captive Power Plant (EPCC package 4) for Naphtha Cracker project, at Panipat, Haryana for Indian Oil Corporation Limited	1143
▶ Construction of port facilities, embarkment, bridges, jetty and township including railway electrification and water system works at Dhamra Port, Orissa for The Dhamra Port Company Limited	1110
▶ EPC contract for construction, installation and commissioning of Naphtha cracker and associated unit for Naphtha Cracker project, at Panipat, Haryana for Indian Oil Corporation Limited	913
▶ Design, manufacturing and commissioning of blast furnace 3, inclusive of civil and structural works on a turnkey basis at Visakhapatnam for Rashtriya Ispat Nigam Limited	767
▶ Construction of Vadodara Bharuch road in Gujarat for L&T Vadodara Bharuch Tollway Limited	750
▶ Jaipur Bisalpur water transmission project in Rajasthan for Rajasthan Urban Infrastructure Development Projects	482
▶ Construction of Palanpur Saroopganj road in Gujarat for L&T Interstate Road Corridor Limited	460

Overseas

▶ Engineering, procurement, installation and commissioning (EPIC package 14) for 2 new offshore platform top-sides, a flare platform and interconnecting bridge for block 5 development in Qatar for Maersk Oil Qatar AS	1131 (248 USD Mio)
▶ Residual basic engineering, detailed engineering, project management and procurement of the equipment and materials for 700 tonnes per day (TDP) methanol and 100 TPD carbon monoxide plant at AL-Jubail, Kingdom of Saudi Arabia for Saudi Formaldehyde Chemical Company	550 (122.3 USD Mio)
▶ Building of 4 Nos of RO-RO / LO-LO semi submersible Heavy Lift Container Carrier Vessels for Zadeko Ship Management CV, Netherlands	440 (100 USD Mio)
▶ Supply and installation of 6 Nos of 33/11 kv package substations, Abudhabi for Abudhabi Water & Electricity Authority	406 (94.4 USD Mio)