



PRESS RELEASE

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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 corresponding quarter of the previous year. The share of revenues from international operations constituted 19% of the gross revenues reported for the quarter. For the period April–December 2006, the order booking was higher at Rs. 22944 crore, registering 41% increase over the corresponding period of the previous year.

Profit after tax [“PAT”] for the quarter October–December 2006 at Rs.344 crore is higher by 33%, when compared to the corresponding period of the previous year. Excluding extra ordinary and non-recurring items, the PAT grew by a healthy 84% over the corresponding quarter of the previous year.

PAT for the nine-month period April–December 2006 at Rs. 702 crore is higher by 29%, when compared to the corresponding period of the previous year. Excluding extra ordinary and non-recurring items, the PAT rose smartly by 69% over the corresponding previous period.

Un-audited Group Financials

Group PAT for the quarter October-December 2006 at Rs 604 crore is higher by 80% when compared to the corresponding period of the previous year. Excluding extra ordinary and non-recurring items, the PAT increased by 90% over the corresponding previous period.

Group PAT for the nine-month period April-December 2006 at Rs 1529 crore is higher by 82% when compared to the corresponding previous period. Excluding extra ordinary and non-recurring items, the increase in PAT is 89% over the corresponding previous period.

The total income of the Group for the nine-month period April-December 2006 increased to Rs. 14121 crore from Rs. 11743 crore achieved in the corresponding period of the previous year. Most of the businesses of Subsidiary and Associate companies have performed exceedingly well during the period, thereby boosting the Group revenue & profitability.

Engineering & Construction Segment (E&C)

The Company’s E&C segment reported significant growth in order booking during the quarter, in line with the increased activity in the domestic & international markets particularly in the Infrastructure & Hydro carbon sectors. The E&C order booking at Rs.8172 crore for the quarter ended December 31, 2006 posted an increase of 26% when compared to the corresponding quarter of the previous year. The share of International orders booked during the quarter was around 12% of the total orders booked.

For the nine-month period, the E&C order booking was higher by 43% at Rs. 19127 crore, over the corresponding previous period, which reflects the Company’s superior competitive strength

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.



LARSEN & TOUBRO LIMITED

Registered Office : L&T House, Ballard Estate, Mumbai 400 001
 UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2006

Rs. crore

Particulars	3 months ended December 31		9 months ended December 31		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 Extraordinary items - Profit [net-of-tax] from sale of businesses	-	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%
Profit after Tax excluding extraordinary items and gain on divestitures (net)	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 shareholders as on the record date. The earnings per share ["EPS"] data for all the periods disclosed above have been adjusted for the issue of bonus shares as per the Accounting Standard 20 on Earnings Per Share.
- The Company during the quarter ended December 31, 2006 has :
 - allotted 0.20 lakh shares of Rs 2 each, fully paid up, on exercise of stock options by employees, in accordance with the Company's stock option schemes.
 - allotted 5.07 lakh shares of Rs 2 each, fully paid up, on exercise of conversion option by some holders of the foreign currency convertible bonds issued by the Company.
- There were no pending investor complaints as on October 1, 2006. During the quarter, 10 complaints were received and resolved.
- Figures for the previous period have been re-grouped / re-classified to conform to the figures of the current period.
- The results for the nine months and the quarter ended December 31, 2006 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 January 29, 2007.

For LARSEN & TOUBRO LIMITED

Mumbai
January 29, 2007

A. M. NAIK
Chairman & Managing Director

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

Rs. crore

Particulars	3 months ended December 31		9 months ended December 31		Year ended March 31 2006
	2006	2005	2006	2005	
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: Segment margins on internal capitalization	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 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 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 the aforesaid segment can be discerned only on the basis of figures for the full year.