



**PRESS RELEASE**

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**LARSEN & TOUBRO LIMITED**

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**Robust Performance for the quarter  
ended December 31, 2007**

**Net Profit up by 40%**

**Dubai, January 28, 2008:** Larsen & Toubro Limited (L&T) reported a robust performance registering a y-o-y growth of 54% in Gross Sales & Service Revenue at Rs. 6462 crore for the quarter ended December 31, 2007. The share of revenue from international operations constituted 18% of the Gross Revenue. Order Inflow during the quarter at Rs. 13019 crore increased by 37% over the same period of the previous year signifying the Company's leadership position in infrastructure-building, engineering and construction and manufacturing businesses.

Buoyed by sizeable capital investment programs and encouraging success achieved in bagging new orders, the Company delivered an impressive growth in Sales and Order Inflow during the quarter.

Profit after Tax (PAT) at Rs. 482 crore for the quarter ended December 31, 2007 registered a healthy growth of 40% over the corresponding quarter of the previous year. Efficient execution of large size orders, a judicious selection of orders with acceptable risk profile and improved cost management have enabled it to post an increase in the Operating profit over the corresponding quarter of the previous year.

For the nine month period ended December 31, 2007, Customer Order Inflow at Rs. 30045 crore grew by 31% over the corresponding period of previous year. The Gross sales at Rs. 16610 crore and Profit after Tax at Rs. 1207 crore also registered smart growth by 44% and 72% respectively, over the corresponding period of the previous year.

In view of the Company's strong presence and growing business interests in the Gulf region, the Board Meeting was held at Dubai, UAE, where the said results of the Company were reviewed and approved by the Board.

## **Engineering & Construction (E&C) Segment**

Backed by progressive policies announced by the Government in the current fiscal, committing huge investments in the core & infrastructure sectors, E&C segment reported a healthy growth in its Order Inflow during the quarter over the corresponding quarter of the previous year. The Order Inflow at Rs. 11462 crore for the quarter ended December 31, 2007 grew by 40% over the corresponding quarter of the previous year. The quality and complexity of orders bagged reflect the Company's technical superiority and dominant position in the infrastructure and hydrocarbon sectors.

The segment revenues for the quarter ended December 31, 2007 at Rs. 4962 crore reflect an increase of 57% when compared to the same period of the previous year. The share of international revenue represented 19 % of the segment revenue. Cumulatively for the Nine month period ended December 31, 2007, the segment revenues at Rs. 12717 crore grew by 49% over the corresponding period of the previous year, reflecting a continuation in the growth momentum.

Efficient project cost management and better execution capabilities helped the Segment register an improvement in Operating profit during the quarter, over the corresponding quarter of the previous year.

The segment ended the quarter with a strong Order Book at Rs. 47605 crore. International Orders at Rs. 6403 crore represented 13% of the segment's Order Book.

## **Electrical & Electronics Segment**

Electrical & Electronics segment maintained a steady growth in Order Inflow and Sales, reflecting the Company's commanding position in this sector. The segment revenue at Rs. 616 crore for the quarter ended December 31, 2007 grew by 28 % when compared with the corresponding quarter of the previous year. Electrical Standard Products, Electrical Systems & Equipment, Control & Automation businesses reaped the benefits stemming from new production facilities, improved product lines and higher price differentials, despite rising input costs.

## **Machinery & Industrial Products Segment**

The segment achieved Revenue of Rs. 590 crore from its businesses during the quarter ended December 31, 2007, recording a healthy increase of 45% over the same period of the previous year. Growing demand from industrial, infrastructure and construction sectors continues to benefit the businesses of this segment. The segment improved its profitability due to higher price realisation and better manufacturing efficiency.

## **Outlook**

Given the strong fundamentals in the economy to support a sound growth trajectory of the capital goods sector, the Company's businesses are well positioned to reap the benefits of this growth momentum. On the back of strong oil prices, the Middle East region is also expected to further ramp up investment in oil & gas production and distribution facilities. In the backdrop of this favourable investment climate, the Company is expected to sustain the growth in order inflows from these sectors, as already seen in the first nine months. With a healthy Order Book, the Company is confident of maintaining the growth momentum in the near to medium term.



**LARSEN & TOUBRO LIMITED**  
Registered Office : L&T House, Ballard Estate, Mumbai 400 001  
UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED DECEMBER 31 , 2007

*Rs. crore*

Particulars	3 months ended December 31		9 months ended December 31		Year ended March 31, 2007
	2007	2006	2007	2006	(Audited)
<b>1</b> Gross Sales / Revenues from Operations	6461.80	4199.51	16609.93	11534.85	17900.59
Less: Excise Duty	79.12	83.82	222.10	212.57	334.18
<b>Net Sales / Revenues from Operations</b>	<b>6382.68</b>	<b>4115.69</b>	<b>16387.83</b>	<b>11322.28</b>	<b>17566.41</b>
<b>2</b> (i) Other Operational Income	2.19	5.33	4.82	15.96	37.67
(ii) Other Income	98.68	103.47	330.85	284.71	483.68
<b>3 Total Income (1+2)</b>	<b>6483.55</b>	<b>4224.49</b>	<b>16723.50</b>	<b>11622.95</b>	<b>18087.76</b>
<b>4 Expenditure :</b>					
a) (Increase) / decrease in stock -in- trade and work -in -progress	(161.07)	(137.12)	(501.35)	(267.75)	(121.76)
b) i) Consumption of raw materials	1561.59	1134.39	4423.39	2705.59	4071.93
ii) Sub-contracting charges	1375.33	843.74	3096.31	2329.49	3398.36
iii) Construction materials	1414.88	685.62	3451.93	2280.80	3639.96
iv) Purchase of traded goods	379.79	335.79	1049.76	844.99	1181.00
v) Other manufacturing / operating expenses	451.31	344.59	1171.06	915.81	1377.72
c) Employees cost	399.56	295.53	1155.82	932.34	1258.21
d) Sales, administration and other expenses	271.00	157.18	841.26	644.58	1014.45
e) Depreciation, amortisation, obsolescence and impairment	52.70	35.67	143.43	100.20	170.01
<b>Total Expenditure</b>	<b>5745.09</b>	<b>3695.39</b>	<b>14831.61</b>	<b>10486.05</b>	<b>15989.88</b>
<b>5</b> Interest expenses	43.84	12.53	72.80	69.85	92.99
<b>6 Profit before Tax (3) - (4+5)</b>	<b>694.62</b>	<b>516.57</b>	<b>1819.09</b>	<b>1067.05</b>	<b>2004.89</b>
<b>7 Provision for Taxes :</b>					
a) Provision for Current Tax (including for wealth tax)	205.39	170.36	586.54	356.20	612.32
b) Provision for Deferred Tax	(2.82)	(1.66)	(5.25)	(2.55)	(25.63)
c) Provision for Tax on Fringe Benefits	10.26	3.97	31.14	11.15	15.18
<b>Total Provision for Taxes</b>	<b>212.83</b>	<b>172.67</b>	<b>612.43</b>	<b>364.80</b>	<b>601.87</b>
<b>8 Profit after Tax (6-7)</b>	<b>481.79</b>	<b>343.90</b>	<b>1206.66</b>	<b>702.25</b>	<b>1403.02</b>
<b>9</b> Paid-up equity share capital (Face value of share:Rs. 2 each)	<b>58.37</b>	56.11	<b>58.37</b>	56.11	<b>56.65</b>
<b>10</b> Reserves excluding revaluation reserve					<b>5683.85</b>
<b>11</b> Basic EPS ( Rupees )	<b>16.66</b>	12.27	<b>42.18</b>	25.18	<b>50.22</b>
<b>12</b> Diluted EPS ( Rupees )	<b>16.21</b>	11.24	<b>40.19</b>	24.36	<b>48.36</b>
<b>13</b> Aggregate of Public Shareholding:					
- Number of Shares ('000s)	<b>278291</b>	271986	<b>278291</b>	271986	<b>276383</b>
- Percentage of Shareholding	<b>95.36%</b>	96.94%	<b>95.36%</b>	96.94%	<b>97.57%</b>

**Notes :**

- The Company during the quarter ended December 31, 2007 has :
  - issued and allotted 40 lakh Global Depository Shares (GDSs) at USD 100 each representing an equal number of equity shares of Rs 2/- each. Consequently, paid up equity share capital of the Company has increased by Rs 0.80 crore and securities premium account has increased by Rs 1563.13 crore , net of issue related expenses.
  - allotted 9.44 lakh 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.
  - allotted 1.06 lakh equity 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, 2007. During the quarter ended December 31, 2007, 19 complaints were received and resolved.
- Figures for the previous periods have been re-grouped / re-classified to conform to the figures for 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 January 28, 2008.

for LARSEN & TOUBRO LIMITED

**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
	2007	2006	2007	2006	2007
	(Audited)				
<b>Gross Segment Revenue</b>					
1 Engineering & Construction	4962.47	3160.50	12716.99	8531.35	13425.05
2 Electrical & Electronics	615.67	482.52	1828.49	1373.90	2067.08
3 Machinery & Industrial Products	589.56	406.56	1604.00	1178.87	1843.00
4 Others	381.48	268.27	905.75	691.73	943.65
<b>Total</b>	<b>6549.18</b>	<b>4317.85</b>	<b>17055.23</b>	<b>11775.85</b>	<b>18278.78</b>
Less: Inter-segment revenue	85.19	113.01	440.48	225.04	340.52
<b>Net Segment Revenue</b>	<b>6463.99</b>	<b>4204.84</b>	<b>16614.75</b>	<b>11550.81</b>	<b>17938.26</b>
<b>Segment Result (Profit before Interest and Tax)</b>					
1 Engineering & Construction	568.32	325.21	1319.16	739.31	1407.57
2 Electrical & Electronics	95.39	70.87	284.31	211.77	307.60
3 Machinery & Industrial Products	116.25	55.42	292.45	176.25	313.14
4 Others	17.88	8.39	46.48	48.23	73.23
<b>Total</b>	<b>797.84</b>	<b>459.89</b>	<b>1942.40</b>	<b>1175.56</b>	<b>2101.54</b>
Less: Segment margins on internal capitalization	14.42	2.01	33.82	8.41	13.42
Less: Interest expenses	43.84	12.53	72.80	69.85	92.99
Add: Net Unallocable corporate income / (expenditure)	(44.96)	71.22	(16.69)	(30.25)	9.76
<b>Profit Before Tax</b>	<b>694.62</b>	<b>516.57</b>	<b>1819.09</b>	<b>1067.05</b>	<b>2004.89</b>
<b>Capital Employed</b>					
<b>(Segment assets less Segment liabilities)</b>					
1 Engineering & Construction			3697.20	2782.41	2886.55
2 Electrical & Electronics			859.10	584.15	709.91
3 Machinery & Industrial Products			371.87	194.37	312.13
4 Others			205.33	173.69	194.04
Total capital employed in Segments			5133.50	3734.62	4102.63
Unallocable corporate assets less corporate liabilities			6435.14	3565.96	3783.74
<b>Total Capital Employed</b>			<b>11568.64</b>	<b>7300.58</b>	<b>7886.37</b>

**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 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, shipbuilding and supply of complex plant and equipments to core sectors. **Electrical & 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 aforesaid segment can be discerned only on the basis of figures for the full year.

for LARSEN & TOUBRO LIMITED

A. M. NAIK  
Chairman & Managing Director