



PRESS RELEASE

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LARSEN & TOUBRO LIMITED

L&T House, Ballard Estate, Mumbai 400 001

Tel: 67525772 (Direct), 67525656 Ext: 772

Fax: 91-22-67525607/ 8

E-mail: jkp-ccd@lth.ltindia.com

Larsen & Toubro Limited Performance for the quarter ended September 30,2006

PAT for the quarter, up by 41%

Mumbai, October 19, 2006: Larsen & Toubro Limited (L&T) reported Gross Sales from operations at Rs 3804 crore for the quarter ended September 30, 2006 as against Rs 3382 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.

The Company reported a 41 % growth in Profit after Tax [“PAT”] at Rs 201 crore for the quarter ended September 30, 2006 as compared to the PAT of Rs 143 crore for the corresponding quarter of the previous year. **PAT for the current quarter at Rs 183 crore, excluding extra-ordinary and other non-recurring items shows an impressive growth of 53%, when compared to the similar PAT of Rs 120 crore, recorded during the corresponding quarter of the previous year.**

Engineering & Construction [“E&C”] Segment

The segment recorded a 15% growth in order booking at Rs 4631 crore during the current quarter, when compared to the same for the corresponding quarter of the previous year. The cumulative order booking during the year till date at Rs 10955 crore, however, shows a healthy growth of 59% over the same period of the previous year and reflects the Company’s superior contracting and execution strengths across all industry segments, most notable being in the infrastructure, hydrocarbon and power sectors.

Segment revenues at Rs 2749 crore for the current quarter posted an increase of 9%, when compared to revenues for the corresponding quarter of the previous year. Export sales for the current quarter constituted 20% of the total segment revenue.

Segment profits [“PBIT”] for the current quarter at Rs 215 crore showed an improvement of 54% over the corresponding quarter of the previous year, mainly due to better selection of jobs, close monitoring and control of contract execution costs and a more uniform spread-out of jobs crossing the threshold levels for margin recognition.

The order backlog as at September 30, 2006 is healthy at Rs 29270 crore.

Electrical & Electronics Segment

The segment recorded a 23% growth in revenue at Rs 467 crore for the current quarter, with higher sales seen in almost all product categories. Sustained productivity improvement initiatives coupled with higher volumes also resulted in a 32% growth in segment profits at Rs 74 crore, accrued during the quarter under review.

Machinery & Industrial Products Segment

Segment revenues for the current quarter at Rs 435 crore shows an impressive growth of 24% when compared to the corresponding quarter of the previous year. The increase in revenues was witnessed across the entire business portfolio comprising both, manufactured and traded products. Increased volumes, higher price differentials and improved manufacturing efficiency contributed to a 49% increase in segment profit at Rs 63 crore during the quarter.

Un-audited Group Financials for the six months ended September 30,2006

The total income of the Group for the six months ended September 30,2006 amounted to Rs 8938 crore, registering a growth of 20% over the corresponding period of the previous year. The net profit accruing to the Group during the six months period ended September 30, 2006 stood at Rs 925 crore which includes net gain of Rs 326 crore on dilution / divestments of stakes in group companies. The net profit for the current period is higher by 83%, when compared to Rs 505 crore, being the profit for the corresponding period of the previous year, which included Rs 188 crore, being the profit on divestitures.

Most of the entities comprising the Group have reported good performances, both in terms of revenue growth and profitability.

Outlook

The prevailing conducive business climate across all sectors in the domestic market and large investment allocations proposed in the hydrocarbons sector in the Gulf region present an encouraging array of opportunities for the various business segments of the Company. Given the comfortable order backlog position, the Company envisages a higher sales growth in the second half of the current fiscal as well as in the medium term.



LARSEN & TOUBRO LIMITED

Registered Office : L&T House, Ballard Estate, Mumbai 400 001

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30,2006

Rs. crore

Particulars	3 months ended September 30		6 months ended September 30		Year ended March 31
	2006	2005	2006	2005	2006
1 Gross Sales / Revenues from Operations	3804.30	3382.06	7335.34	6528.35	14964.61
Less: Excise Duty	68.23	55.33	123.16	99.25	230.76
Net Sales / Revenues from Operations	3736.07	3326.73	7212.18	6429.10	14733.85
2 i) Other Operational Income	6.04	2.07	6.83	5.96	29.23
ii) Other Income	105.69	182.99	153.12	232.07	435.55
Total - Other Income	111.73	185.06	159.95	238.03	464.78
3 Total Expenditure	3497.88	3240.29	6730.74	6197.12	13695.42
a) (Increase) / decrease in stock in trade	(21.42)	(0.83)	(15.46)	(2.43)	61.81
b) i) Consumption of raw materials (incl.WIP)	898.57	808.67	1644.07	1648.89	3636.95
ii) Sub-contracting charges	670.02	715.59	1459.23	1390.94	3270.01
iii) Construction materials	811.57	767.01	1599.04	1316.39	3003.76
iv) Purchase of trading goods	283.48	214.44	509.20	576.63	1145.80
v) Other manufacturing / operating expenses	150.95	107.28	262.45	210.75	472.00
c) Staff expenses	395.56	272.73	644.93	458.21	890.03
d) Sales, administration and other expenses	309.15	355.40	627.28	597.74	1215.06
4 Interest (Net)	10.61	14.67	26.38	24.48	75.07
5 Depreciation, amortisation and obsolescence	33.64	26.02	64.53	55.43	114.49
6 Profit before Tax [before extraordinary items]	305.67	230.81	550.48	390.10	1313.65
7 Provision for Current Tax (including for wealth tax)	101.01	82.09	185.84	134.09	364.94
8 Provision for Deferred Tax	(0.15)	(1.65)	(0.89)	(3.02)	(15.35)
9 Provision for Tax on Fringe Benefits	3.59	7.32	7.18	11.19	21.67
10 Profit after Tax [before extraordinary items]	201.22	143.05	358.35	247.84	942.39
11 Extraordinary items - Profit [net-of-tax] from sale of businesses	-	-	-	38.18	69.75
12 Net Profit after Tax [after extraordinary items]	201.22	143.05	358.35	286.02	1012.14
13 Paid-up equity share capital (Face value of share: Rs. 2 each)	28.00	26.44	28.00	26.44	27.48
14 Reserves excluding revaluation reserve					4583.32
15 Basic EPS (Rupees)	14.39	10.83	25.77	21.81	76.05
16 Basic EPS (Rupees) - excluding extraordinary items	14.39	10.83	25.77	18.90	70.81
17 Diluted EPS (Rupees)	14.21	10.41	25.33	20.64	72.45
18 Diluted EPS (Rupees) - excluding extraordinary items	14.21	10.41	25.33	17.94	67.53
19 Aggregate of Non-Promoter Shareholding:					
- Number of Shares ('000s)	140019	132220	140019	132220	137386
- Percentage of Shareholding	100%	100%	100%	100%	100%
Profit after Tax excluding extraordinary items and gain on divestitures (net)	183.47	119.62	340.60	218.09	863.47

Notes :

- In accordance with the transitional provisions prescribed under Accounting Standard [AS] 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 [September 29,2006]. The earnings per share ["EPS"] data disclosed above exclude the impact of the aforesaid allotment of bonus shares.
- The Company during the quarter ended September 30,2006 has :
 - allotted 7.81 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 0.99 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 July 1, 2006. During the quarter, 15 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 six months and quarter ended September 30, 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 October 19,2006.

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 September 30		6 months ended September 30		Year ended March 31
	2006	2005	2006	2005	2006
Gross Segment Revenue					
1 Engineering & Construction	2749.36	2527.47	5368.24	4952.69	11569.41
2 Electrical & Electronics	467.00	380.92	891.38	704.85	1549.98
3 Machinery & Industrial Products	435.48	351.74	772.31	672.79	1473.83
4 Others	211.93	147.90	422.27	277.70	672.23
Total	3863.77	3408.03	7454.20	6608.03	15265.45
Less: Inter-segment revenue	53.43	24.02	112.03	73.72	271.61
Net Segment Revenue	3810.34	3384.01	7342.17	6534.31	14993.84
Segment Result (Profit before Interest and Tax)					
1 Engineering & Construction	215.00	139.40	414.10	243.12	860.93
2 Electrical & Electronics	73.56	55.72	140.90	95.83	227.31
3 Machinery & Industrial Products	62.87	42.15	120.83	73.26	198.65
4 Others	23.35	10.24	43.21	21.68	53.59
Total	374.78	247.51	719.04	433.89	1340.48
Less: Segment margins on internal capitalization	3.67	4.56	6.40	8.04	24.49
Less: Interest expense, net of receipts	10.61	14.66	26.38	24.47	75.07
Add Net unallocable corporate income / (expenditure)	(54.83)	2.52	(135.78)	(11.28)	72.73
Profit Before Tax [before extraordinary items]	305.67	230.81	550.48	390.10	1313.65
Capital Employed					
(Segment assets less Segment liabilities)					
1 Engineering & Construction			2596.82	3268.65	2761.99
2 Electrical & Electronics			459.07	325.84	363.39
3 Machinery & Industrial Products			242.15	266.74	210.18
4 Others			173.22	106.16	188.18
Total capital employed in Segments			3471.26	3967.39	3523.74
Unallocable corporate assets less corporate liabilities			3242.63	1775.24	2647.28
Total Capital Employed			6713.89	5742.63	6171.02

Notes :

- 1 Segments have been identified in accordance with Accounting Standard [AS 17] , 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.