

## ***PRESS RELEASE***

Issued by Corporate Communications Department  
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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

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.

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**Rs. crore**  
**Year ended**  
**March 31**

|  | 2006           | 2005           | 2006            | 2005            | 2006            |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| <b>1</b> 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          |
| <b>Net Sales / Revenues from Operations</b>                              | <b>4118.42</b> | <b>3688.72</b> | <b>11330.60</b> | <b>10117.82</b> | <b>14733.85</b> |
| <b>2</b> 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          |
| <b>Total - Other Income</b>  | <b>127.93</b>  | <b>60.79</b>   | <b>258.15</b>   | <b>298.35</b>   | <b>464.78</b>   |
| <b>3 Total Expenditure</b>   | <b>3692.89</b> | <b>3410.77</b> | <b>10393.90</b> | <b>9607.44</b>  | <b>13695.42</b> |
| 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         |
| <b>4</b> Interest (Net)  | 1.22           | 22.50          | 27.60           | 46.97           | 75.07           |
| <b>5</b> Depreciation, amortisation and obsolescence                     | 35.67          | 26.64          | 100.20          | 82.06           | 114.49          |
| <b>6 Profit before Tax [before extraordinary items]</b>                  | <b>516.57</b>  | <b>289.60</b>  | <b>1067.05</b>  | <b>679.70</b>   | <b>1313.65</b>  |
| <b>7</b> Provision for Current Tax (including for wealth tax)            | 170.36         | 50.62          | 356.20          | 184.71          | 364.94          |
| <b>8</b> Provision for Deferred Tax                                      | (1.66)         | (1.88)         | (2.55)          | (4.90)          | (15.35)         |
| <b>9</b> Provision for Tax on Fringe Benefits                            | 3.97           | 5.07           | 11.15           | 16.26           | 21.67           |
| <b>10 Profit after Tax [before extraordinary items]</b>                  | <b>343.90</b>  | <b>235.79</b>  | <b>702.25</b>   | <b>483.63</b>   | <b>942.39</b>   |
| <b>11</b>  | -              | 23.48          | -               | 61.66           | 69.75           |
| <b>12 Net Profit after Tax [after extraordinary items]</b>               | <b>343.90</b>  | <b>259.27</b>  | <b>702.25</b>   | <b>545.29</b>   | <b>1012.14</b>  |
| <b>13</b> Paid-up equity share capital (Face value of share: Rs. 2 each) | <b>56.11</b>   | 26.97          | <b>56.11</b>    | 26.97           | <b>27.48</b>    |
| <b>14</b> Reserves excluding revaluation reserve                         |                |                |                 |                 | <b>4583.32</b>  |
| <b>15</b> Basic EPS ( Rupees )   | <b>12.27</b>   | 9.70           | <b>25.18</b>    | 20.66           | <b>38.03</b>    |
| <b>16</b> Basic EPS ( Rupees ) - excluding extraordinary items           | <b>12.27</b>   | 8.82           | <b>25.18</b>    | 18.32           | <b>35.41</b>    |
| <b>17</b> Diluted EPS ( Rupees )   | <b>11.24</b>   | 9.55           | <b>24.36</b>    | 19.87           | <b>36.23</b>    |
| <b>18</b> Diluted EPS ( Rupees ) - excluding extraordinary items         | <b>11.24</b>   | 8.72           | <b>24.36</b>    | 17.69           | <b>33.77</b>    |
| <b>19</b> Aggregate of Non-Promoter Shareholding:                        |                |                |                 |                 |                 |
| - Number of Shares ('000s)   | <b>280566</b>  | 134849         | <b>280566</b>   | 134849          | <b>137386</b>   |
| - Percentage of Shareholding   | <b>100%</b>    | 100%           | <b>100%</b>     | 100%            | <b>100%</b>     |
|  | <b>343.90</b>  | 187.18         | <b>684.50</b>   | 405.27          | <b>863.47</b>   |

**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            |
| <b>Gross Segment Revenue</b>                            |                  |                |                 |                 |                 |
| 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          |
| <b>Total</b>  | <b>4316.30</b>   | <b>3866.48</b> | <b>11770.49</b> | <b>10474.50</b> | <b>15265.45</b> |
| Less: Inter-segment revenue                             | 113.01           | 108.89         | 225.04          | 182.61          | 271.61          |
| <b>Net Segment Revenue</b>                              | <b>4203.29</b>   | <b>3757.59</b> | <b>11545.45</b> | <b>10291.89</b> | <b>14993.84</b> |
| <b>Segment Result (Profit before Interest and Tax)</b>  |                  |                |                 |                 |                 |
| 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           |
| <b>Total</b>  | <b>459.88</b>    | <b>324.34</b>  | <b>1175.56</b>  | <b>758.23</b>   | <b>1340.48</b>  |
| 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           |
| <b>Profit Before Tax [before extraordinary items]</b>   | <b>516.57</b>    | <b>289.60</b>  | <b>1067.05</b>  | <b>679.70</b>   | <b>1313.65</b>  |
| <b>Capital Employed</b>                                 |                  |                |                 |                 |                 |
| <b>(Segment assets less Segment liabilities)</b>        |                  |                |                 |                 |                 |
| 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         |
| <b>Total Capital Employed</b>                           |                  |                | <b>7300.58</b>  | <b>6068.77</b>  | <b>6171.02</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 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