



PRESS RELEASE

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Larsen & Toubro Limited

Performance for the quarter ended

June 30, 2006

Order Booking for the quarter up by 90%
PAT for the quarter up, at Rs 157 crore
PAT for the quarter, excluding non recurring items, up by 60%

Mumbai, July 21, 2006: Larsen & Toubro Limited (L&T) reported Gross Sales from operations at Rs 3524 crore for the quarter ended June 30, 2006 as against Rs 3132 crore for the corresponding quarter of the previous year. The share of revenues from international operations constituted 17% of the gross revenues reported for the quarter.

The Company reported a 54% growth in Profit before Tax [“PBT”] at Rs 245 crore for the quarter ended June 30, 2006. Profit after Tax [“PAT”] for the quarter ended June 30, 2006 has increased to Rs 157 crore, up by 10% as compared to the corresponding quarter of the previous year. **PAT for the current quarter however, shows an increase of 60%, when compared to the PAT of Rs 98 crore, excluding extraordinary items and gains from divestitures for the corresponding quarter of the previous year.**

Engineering & Construction [“E&C”] Segment

The segment recorded an impressive 121% growth in order booking at Rs 6324 crore during the current quarter, when compared to the same for the corresponding quarter of the previous year. International orders constituted 16% of the total value of orders booked during the current quarter. A major portion of orders accrued from infrastructure and refinery sectors. The significant increase in order booking reflects the company’s proven capabilities to execute and deliver large complex projects across a wide spectrum of industries / sectors.

Segment revenues at Rs 2619 crore for the current quarter posted a modest increase of 8%, when compared to revenues for the corresponding quarter of the previous year. Export sales for the current quarter constituted 19% of the total segment revenue. The segment result [“PBIT”] for the current quarter at Rs 199 crore showed an impressive increase of 92% over the corresponding quarter of the previous year, attributed to many project jobs crossing the threshold levels for margin recognition.

The order backlog as at June 30, 2006 is healthy at Rs 27453 crore.

Electrical & Electronics Segment

The segment recorded an impressive 31% growth in revenue at Rs 424 crore for the current quarter, driven by robust increases in sales, witnessed in almost all product categories. Improved manufacturing capabilities and higher product realizations have ensured a smart growth in segment PBIT of 68% at Rs 67 crore for the current quarter.

Machinery & Industrial Products Segment

Segment revenues for the current quarter at Rs 337 crore, is higher by 5% when compared to revenues for the corresponding quarter of the previous year. Higher revenues from construction equipment and industrial products / machinery have been partly off-set by lower invoicing from customized orders having a longer lead time for manufacture. Higher price realizations and improved product mix have resulted in a sharp improvement of 86% in profitability.

Outlook

Sustained high oil prices, large global demand have boosted investment plans across sectors, particularly in the areas of hydrocarbons and other core sector industries. The buoyancy in capacity creation, witnessed both in the domestic market and in the Middle East, favors promising order book prospects for all the business segments. Infrastructure investments are poised to continue and augurs well for domestic order booking opportunities. Given the growing order backlog position, the Company expects to improve on revenue growth in the E&C Segment and maintain operating margins across all the segments.

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