



PRESS RELEASE

Issued by Corporate Communications Department
LARSEN & TOUBRO LIMITED
L&T House, Ballard Estate, Mumbai 400 001

Tel: 55525772 (Direct), 55525656 Ext: 772
Fax: 91-22-55525607/ 8
E-mail: jkp-ccd@lth.ltindia.com

Larsen & Toubro Limited

Performance for the quarter ended December 31, 2005

- **Order Booking for the quarter up by 108%**
- **PAT for the quarter up by 96%**

Mumbai, January 19, 2006: Larsen & Toubro Limited (L&T) reported a significant growth of 108% in its order booking at Rs. 7397 crore for the quarter ended December 31, 2005. Gross Sales registered an increase of 14% at Rs. 3719 crore for the quarter as against Rs. 3267 crore for the corresponding quarter of the previous year. The Company's revenues from international operations constituted 19% of the total sales, affirming the Company's strategy to diversify business globally.

For the period April-December 2005, the order booking was higher at Rs. 16211 crore, reflecting 80% increase over the corresponding period of the previous year. The revenues for the nine month period at Rs. 10211 crore grew by 14%, sustaining the growth trend for the year.

During the quarter, the Company sold the Glass Container business along with the manufacturing plant at Nashik, as part of its strategy to exit from non-core businesses.

Profit after tax for the quarter ended December 31, 2005 at Rs. 259.27 crore is higher by 96 %, compared to the amount for the corresponding period of the previous year. After excluding the profits on sale of businesses & divestitures, Profit after tax for the quarter ended December 31, 2005 at Rs. 187.18 crore is higher by 41%, compared to the similar amount for the corresponding period of the previous year.

Engineering & Construction ["E&C"] Segment

The Company's E&C segment reported significant growth in its order booking during the quarter, in line with the increased activity in the domestic & international markets particularly in the Hydrocarbon & Infrastructure sectors. The E&C order booking at Rs. 6721 crore for the quarter ended December 31, 2005 posted an increase of 116% when compared to the corresponding quarter of the previous year. For the nine-month period, the segment order booking was higher by 85 % at Rs. 14167 crore, over the corresponding previous period. The Company expects the robust growth trend to

continue in the last quarter of the current fiscal year. The share of International orders booked during the quarter ended December 31, 2005 was around 21%.

The significant order booking growth, despite stiff global competition, underscores the Company's dominant presence in the segment and also reflects the conducive environment for the E&C business in the preferred sectors.

Some of the major orders booked during the quarter ended December 31, 2005 are:

Domestic	Rs. Crore
▶ Booster compressor platform and modification of existing platforms in the Bassein Gas Field, north west of Mumbai for Oil and Natural Gas Corporation Limited	1300
▶ Modification of existing facilities, testing, pre-commissioning, and commissioning of entire facilities (wherever applicable) for Mumbai High North and Bassein Field for Oil and Natural Gas Corporation Limited	1000
▶ Construction of Krishnagiri-Thoppur road in Tamil Nadu for L&T Krishnagiri Thoppur Toll Road Private Limited	450
▶ Development of port facilities at Gangavaram : breakwater (package I) and marine-onshore civil works (package 3) for Gangavaram Port Limited	408
▶ Construction of Jadcherla Kothagada road in Hyderabad, Andhra Pradesh for L&T Western Andhra Tollway Private Limited	325
▶ Construction of passenger terminal building in Hyderabad International Airport for China State Construction Engineering (Hong Kong) Limited	263
▶ Construction of main civil works for software centre in Siruseri, Chennai for Tata Consultancy Services	258
▶ Construction of paint and assembly shop in Hyundai Plant (Phase II) in Chennai, Tamil Nadu for AMCO India Construction Private Limited	94
▶ Supply and installation including civil and structural works, commissioning and conducting guarantee tests of 400 / 200 KV Switch Yard for expansion of Bhilai Power project (2 X 25 MW) at Bhilai, Chattisgarh for Bhilai Electric Supply Company Private Limited	92

International	Rs. crore
▶ Manufacture and supply of Column, Regenerator, Reactor and HP Heat Exchangers for Reliance Industries Limited (Special Economic Zone - Jamnagar)	384
▶ Manufacture and supply of Tubular Reactor to BASF – Belgium	73

E&C segment revenues for the quarter ended December 31, 2005 at Rs. 3087 crore registered an increase of 9 % when compared to the corresponding quarter of the previous year. The share of export revenues for the period October-December 2005 at Rs. 610 crore represents 20 % of the segment revenues.

The segment order backlog as at December 31, 2005 is at a healthy Rs. 22915 crore. The export order backlog at Rs. 3197 crore represents 14 % of the total backlog as at the end of the quarter.

Electrical & Electronics [“EBG”] Segment

Electrical & Electronics segment reported a robust growth in its order booking and sales, reflecting the Company’s strong position amidst sustained economic growth momentum. The segment revenues at Rs.391 crore for the quarter ended December 31, 2005 was higher by 26 % when compared to the same quarter of the previous year. The increase is on account of strong growth in the Electrical Standard Products and Systems, Control & Automation and Metering Protection Systems businesses. Export revenues constitute 11 % of the total segment revenue. The Segment continues to be a market leader in Low Tension Switchgear products through its cost efficient manufacturing, widespread distribution network, product innovation and quality.

Other Diversified Businesses

Amongst the diversified businesses, Ready Mix Concrete, Construction Equipment, Welding Systems and other products continue to witness good industrial demand growth. Revenue for the quarter ended December 31, 2005 at Rs.297 crore is higher by 63%, compared to the same period of the previous year.

Outlook

With all round buoyancy in the domestic and international economic environment, the Company is advantageously positioned in all its business segments. The India growth story has triggered the flow of capital into the economy. This augurs well for the development of India’s infrastructure and core sectors in which the Company is set to consolidate its position in the year ahead. Similarly in the Middle East and adjoining countries, thanks to high oil prices, the prospects of investments in the infrastructure and basic utilities sector have significantly improved. The Company, therefore, expects an order book growth of about 50% during the current year on the back of growth momentum witnessed in Hydrocarbon, Infrastructure and core sector industries. The impact of the all round growth pull in core sectors will also facilitate higher growth prospects for the industrial product businesses of the Company.



LARSEN & TOUBRO LIMITED
Registered Office : L&T House, Ballard Estate, Mumbai 400 001
UNAUDITED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED DECEMBER 31,2005

Rs. crore

Particulars	3 months ended December 31		9 months ended December 31		Year ended March 31
	2005	2004	2005	2004	2005
1 Gross Sales / Revenues from Operations	3719.49	3267.13	10210.97	8951.93	13254.56
Less: Excise Duty	53.13	37.67	152.38	125.83	176.84
Net Sales / Revenues from Operations	3666.36	3229.46	10058.59	8826.10	13077.72
2 i) Other Operational Income	24.64	19.39	67.74	59.87	93.37
ii) Other Income	87.34	60.52	339.52	510.94	603.13
Total - Other Income	111.98	79.91	407.26	570.81	696.50
3 Total Expenditure	3444.07	3088.87	9661.34	8507.74	12359.83
a) (Increase) / decrease in stock in trade	55.15	(7.47)	52.72	(1.65)	(29.88)
b) i) Consumption of raw materials (incl.WIP)	822.35	1152.93	2562.55	3007.86	4460.80
ii) Sub-contracting charges	954.79	836.17	2345.73	2078.23	2999.41
iii) Construction materials	662.45	349.55	1891.34	1152.67	1879.04
iv) Purchase of trading goods	289.45	218.36	866.08	594.69	847.15
v) Other manufacturing / operating expenses	123.71	101.12	334.46	287.03	359.53
c) Staff expenses	228.73	209.17	678.84	586.14	764.51
d) Sales, administration and other expenses	307.44	229.04	929.62	802.77	1079.27
4 Share of profit /(loss) from Integrated Joint Ventures (net of tax)	4.45	2.10	4.22	14.06	19.10
5 Interest (Net)	22.49	14.03	46.97	37.15	53.18
6 Depreciation, amortisation, obsolescence and impairments	26.63	21.54	82.06	64.29	94.17
7 Profit before Tax [before extraordinary items]	289.60	187.03	679.70	801.79	1286.14
8 Provision for Current Tax (including for wealth tax)	50.62	56.18	184.71	156.12	321.17
9 Provision for Deferred Tax	(1.88)	(1.50)	(4.90)	(4.50)	(18.88)
10 Provision for Tax on Fringe Benefits	5.07	-	16.26	-	-
11 Profit after Tax [before extraordinary items]	235.79	132.35	483.63	650.17	983.85
12 Profit (net of tax) on sale of Dairy / Milk processing equipment and Glass Container businesses (Refer Note 1)	23.48	-	61.66	-	-
13 Net Profit after Tax [after extraordinary items]	259.27	132.35	545.29	650.17	983.85
14 Paid-up equity share capital (Face value of share: Rs. 2 each)	26.97	25.98	26.97	25.98	25.98
15 Reserves excluding revaluation reserve					3312.25
16 Basic EPS (Rupees)	19.39	10.31	41.31	51.71	77.62
17 Basic EPS (Rupees) - excluding extraordinary items	17.63	10.31	36.64	51.71	77.62
18 Diluted EPS (Rupees)	19.09	8.68	39.73	46.64	70.85
19 Diluted EPS (Rupees) - excluding extraordinary items	17.43	8.68	35.37	46.64	70.85
20 Aggregate of Non-Promoter Shareholding:					
- Number of Shares ('000s)	134849	129902	134849	129902	129924
- Percentage of Shareholding	100%	100%	100%	100%	100%
Net Profit after Tax excluding extra-ordinary items and gain on divestitures	187.18	132.35	405.27	296.85	630.53

Notes :

- During the quarter, the Company sold the Glass Container business under a Business Transfer Agreement w.e.f October 24,2005.
- The Company has reviewed the useful life of certain categories of fixed assets during the year. Consequently, the depreciation rates have been revised, resulting in an additional charge of Rs. 2.43 crore for the quarter and Rs 12.21 crore for the nine months period ended December 31,2005.
- The Company during the quarter ended December 31,2005 has :
 - allotted 0.45 lakh shares of Rs 2 each, fully paid up, on exercise of stock options by employees, in accordance with the Company's employee stock option schemes.
 - allotted 25.84 lakh shares of Rs 2 each, fully paid up, on the exercise of option to convert by some bondholders of the Company's foreign currency convertible bonds [Due 2009].
- The Company on January 4,2006, has launched a 11.57 billion Japanese Yen denominated issue at par, of foreign currency convertible bonds [Due 2011] aggregating to Rs 448 crore [approx.]. The zero coupon bonds, with a face value of JPY 10 million per bond , are redeemable after 5 years at a premium of 3.30% over face value . The bonds are convertible into Global Depository Shares , at the option of the bondholder at a conversion price of Rs. 2498.45 per share. The bond issue proceeds will be used to finance capital expenditure and acquisitions. The issuance will achieve closure on January 27,2006, subject to successful completion of issue formalities.
- There were no pending investor complaints as on October 1, 2005. During the quarter, 22 complaints were received and resolved.
- Previous period's figures have been re-grouped / re-classified to conform to current period's figures.
- The results for the quarter and nine months period ended December 31,2005 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 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 December 31		9 months ended December 31		Year ended March 31
	2005	2004	2005	2004	2005
Gross Segment Revenue					
1 Engineering & Construction	3087.27	2820.41	8448.24	7650.39	11415.48
2 Electrical & Electronics	390.50	310.93	1110.47	862.58	1219.98
3 Others	297.00	182.29	800.88	586.30	836.96
Total	3774.77	3313.63	10359.59	9099.27	13472.42
Less: Inter-segment revenue	30.64	27.11	80.88	87.47	124.49
Net Segment Revenue	3744.13	3286.52	10278.71	9011.80	13347.93
Segment Result (Profit before Interest and Tax)					
1 Engineering & Construction	228.82	144.01	499.73	348.27	767.43
2 Electrical & Electronics	61.15	34.55	160.65	96.98	144.01
3 Others	34.36	12.14	97.85	55.19	90.53
Total	324.33	190.70	758.23	500.44	1001.97
Less: Segment margins on internal capitalization	6.73	-	14.77	-	-
Less: Interest expense, net of receipts	22.49	14.03	46.97	37.15	53.18
Add Net unallocable corporate income / (expenditure)	(5.51)	10.36	(16.79)	338.50	337.35
Profit Before Tax [before extraordinary item]	289.60	187.03	679.70	801.79	1286.14
Capital Employed					
(Segment assets less Segment liabilities)					
1 Engineering & Construction			3478.88	3164.35	3234.77
2 Electrical & Electronics			338.14	413.22	359.58
3 Others			246.97	336.88	254.11
Total capital employed in Segments			4063.99	3914.45	3848.46
Unallocable corporate assets less corporate liabilities			2004.78	2227.38	1474.26
Total Capital Employed			6068.77	6141.83	5322.72

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 to provide solutions in civil, mechanical, electrical, and instrumentation engineering (on turnkey basis or otherwise) to core sectors / infrastructure industry. **Electrical & Electronics** includes manufacture and/or sale of low voltage switchgear / control gear, petroleum dispensing pumps and systems, electronic energy meters / protection systems, control, robotics & automation products and medical equipment. **Others** include ready mix concrete, property development , marketing of welding electrodes , industrial products and construction equipment.
- 3 Segment Revenue comprises Sales & Operational Income allocable specifically to a segment. Unallocable expenditure includes mainly 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 include investments in Subsidiary / Associate companies, Tax Saving Bonds and other short term investments.
- 4 In the Engineering & Construction segment, margins do not accrue uniformly during the year. Hence the financial performance of the segment can be discerned only on the basis of figures for the full year.

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