



## ***PRESS RELEASE***

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# **Larsen & Toubro Limited**

## **Performance For The Year Ended March 31, 2005**

**Revenues for the year up by 35%**  
**PAT for the year up at Rs. 984 crore**  
**Total Dividend at Rs. 27.50 per equity share including**  
**Special dividend of Rs. 10**

**Mumbai, May 27, 2005:** Larsen & Toubro Limited (L&T) reported a smart increase in Gross Sales & Service income of Rs. 13269 crore for the financial year ended March 31, 2005 as against Rs. 9807 crore for the previous year. The impressive increase of 35% in sales is over and above the 32% growth in the previous year. The Company's revenues from international operations continue to grow, and is at 19% of the total sales and service income.

Profit before tax and Profit after tax for the year is at Rs. 1286 crore and Rs. 984 crore. After excluding an exceptional income of Rs. 353 crore relating to sale of shares in UltraTech Cement Limited, the Profit before tax and Profit after tax for the year at Rs. 933 crore and Rs. 631 crore register an increase of 21% and 18% respectively over the previous year.

The Board of Directors has recommended a final dividend of Rs. 17.50 per equity share in addition to the special dividend of Rs. 10 per equity share declared in October 2004.

Gross Sales & Service revenues for the quarter ended March 31, 2005 amounted to Rs. 4308 crore, recording an increase of 20% over the corresponding quarter in the previous year. Profit before tax and Profit after tax for the quarter amount to Rs. 484 crore and Rs. 334 crore, registering an increase of 17.3% and 16.6% respectively over the last quarter of the previous year.

## Engineering & Construction Segment

The Engineering & Construction (E&C) Segment booked new orders amounting to Rs. 13301 crore, showing an increase of 14% over the previous year. Of these, export orders accounted for Rs. 1692 crore, constituting 13% of the orders booked during the year.

Both domestic and international markets provided opportunities for the Company in Oil & Gas, Power and Infrastructure sectors. The size and complexity of the orders booked across a range of core sector industries / infrastructure sector reflect the premier position of the Company in the E&C segment.

The details of the major orders secured during the quarter ended 31<sup>st</sup> March 2005 are given below:

### January – March 2005

	Rs. crore
➤ Providing and laying of MS pipeline from Modhera to Dharoi for Lift Irrigation project of Gujarat Water Resource Development Corporation	254
➤ Revamp and reconstruction of SH Process Platform Complex in Mumbai High South for ONGC.	186
➤ Construction of housing complex at Whitefield, Bangalore for Whitefield Shelters Private Limited.	180
➤ Water Supply System for Bangalore Water Supply & Sewerage Board, under Greater Bangalore Water Supply Scheme	166
➤ Alisagar Lift Irrigation scheme at Nizamabad for Government of Andhra Pradesh	164
➤ Construction of intake tunnel and power house for Everest Power Private Limited	150
➤ Fabrication and Supply of E 48/56 M Towers for Enercon India Limited	144
➤ Construction of medical college campus and hospital at Agartala for Public Works Department, Tripura	133
➤ Construction of National Games 2005 Village at Guwahati for Public Works Department, Assam	115

**(January – March 2005) cont...**

	<b>Rs. crore</b>
➤ Manufacture & supply of Tubular Reactor System for Kuwait Olefins Company KSC, Kuwait	128
➤ Construction of Hotel forming part of Convention Centre for Cyberabad Convention Centre Private Limited, Hyderabad	101
➤ Supply and erection of 400 KV D/C Maithon-Ranchi Transmission Line for Power Grid Corporation of India Limited	97
➤ Construction of float glass factory at Rourkee, Uttaranchal for Asahi India Limited	92
➤ Civil works for 1025 MW Combined Cycle Power Plant for Qatar Petroleum at Ras Laffan, Qatar [ A/c : Siemens Power Generation, Germany ]	62

Of the new orders booked during the year, 32% are from Infrastructure sector. Hydrocarbon Sector accounted for 21%, while Power Sector and Process Equipment sectors together contributed 21% of the orders booked.

The E&C segment recorded revenues of Rs. 3771 crore during the quarter ended 31<sup>st</sup> March 2005 and for the full year, revenues amounted to Rs. 11430 crore, representing an increase of 39% over previous year. Export sales for the quarter and for the year amounted to Rs. 687 crore and Rs. 2355 crore respectively.

The order backlog is at a healthy Rs. 17604 crore as on March 31, 2005.

### **Electrical & Electronics**

During the quarter ended 31<sup>st</sup> March 2005, the Electrical & Electronics segment achieved 14% increase in Gross revenues at Rs. 357 crore. For the full year, revenues amounted to Rs. 1220 crore, recording a smart increase of 20% over the previous year, reflecting a consistent growth.

Export orders during the year have risen to Rs. 104 crore showing an annual increase of 65% and accounting for 9% of the total order book. Several initiatives like product branding for MNCs, expanding and adapting the product range for the targeted overseas markets, and upgradation of manufacturing infrastructure to world class standards are under implementation. Value Engineering, Lean Manufacturing and Six Sigma initiatives have helped the segment to retain its competitive edge and maintain market leadership position.

## **Other Diversified Businesses**

Among the diversified businesses, the Construction equipment business was the star performer. Good demand growth and product improvements helped the Company register 18% growth in its revenues over the previous year. Welding systems and industrial products also performed well during the year. These businesses along with the Ready Mix Concrete business have good growth potential for the Company in the coming years.

## **Interest Cost**

Gross interest cost and net interest cost of the Company for the year amounted to Rs. 84 crore and Rs. 54 crore respectively. Despite increase in the borrowings during the year, the gross average borrowing cost for the year was lower by about 1.6% as compared to the previous year, due to several cost optimization measures taken by the Company.

## **Provision for Taxation**

The provision for current tax is higher at Rs. 321 crore as compared to the previous year's provision of Rs. 281 crore. The increase is largely due to higher level of net earnings and phasing out of various tax incentives provided earlier by the Government.

## **Consolidated Financials**

The consolidated Gross Sales Revenues for the year of L&T Group, including its domestic and overseas subsidiaries amounted to Rs. 14613 crore, registering a growth of 31.6% over the previous year. The Group profit after tax at Rs. 1117 crore has increased impressively by 45.6% on the back of good performance of most of the subsidiaries.

Among the major subsidiaries, Larsen & Toubro Infotech Limited registered a growth of 54% in its revenues during the year. Other subsidiaries such as L&T Finance Limited, HPL Cogeneration Limited, etc. also reported good performances with increased revenues and profits.

## **Outlook**

The fundamentals in the economy are reasonably strong and the thrust on infrastructure development is expected to continue. There are prospects of sizeable investments in the Power, Hydrocarbon and Infrastructure sectors, which augur well for the Company, in the medium term. With capacity utilization rising to threshold levels, the capital goods industry is expected to benefit from investment outlays in varied manufacturing sectors.

Barring unforeseen circumstances, the Company is hopeful of satisfactory performance in the next year.

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*FN: Annual results 2004-05.doc*